

FAR EASTERN ECONOMIC REVIEW

Vol. XXIII

Hongkong, July 18, 1957

No. 3

Malaya's New Constitution	65	China		Hongkong's Principal Imports in 1956 (Part II)	87
Institutional Changes in the American Economy	67	New Autonomous Regions in China	80	Finance & Commerce	
Paper Money in Modern China (Part VIII)	70	China's Budget and Plans for 1957	81	Hongkong Exchange Markets	89
The Chinese in Indonesia and Singapore under Raffles	74	Thailand		Hongkong Share Market	89
		Financial and Commercial Statistics of Thailand	82	Singapore Shares	90
		Hongkong		Trade Reports	90
		Hongkong Notes and Reports	85	Hongkong Company Incorporations	96

MALAYA'S NEW CONSTITUTION

It was rather a strange choice of simile that caused the Chief Minister of Malaya, speaking optimistically of Malaya's future, to say that it could be made "a Shangri-la for us and our descendants." Certainly happiness cannot lie either in escape or in aloofness, only in continuing the mighty struggle of progress and enterprise which transformed Malaya from a scantily-populated land, in which the untamed jungle was lord and master. There were only 300,000 people in Malaya in the 70's, and now, much less than a century later, there are six million, and the wealth in rubber and other commodities planted and developed mostly by British enterprise has made Malaya a great factor in world trade and one of the most prosperous areas of Asia. It is a great heritage that the British are handing over to the care and responsibility of the Malays and their partners in the political alliance which Mr. Malcolm MacDonald did so much to bring about.

The Federation has been through one shattering experience and is still in the dying throes of another—the Japanese invasion and then, after the liberation, the Communist terrorists. Only on the surface is all calm and secure. There are still menacing forces below, and all communities must exercise the greatest restraint if communal war is not to supplement the jungle war. Moreover, Indonesia remains a riddle few may yet read. On the main and most populous island of Java Nationalist and Communist are in partnership as they were in China during the "Canton days" in the mid 20's, while in the outlying islands of the East, as in Sumatra, the Muslims of the Right hold sway. Whatever is the outcome of events in that rich and teeming archipelago, Malaya is bound to be profoundly affected.

Tengku Abdul Rahman was speaking on a motion in the Federal Legislative Council calling on the Council to accept the proposals for a Constitution for

Malaya. He called on all Malaysians to co-operate in making the Constitution work, which also served as a reminder that two post-war Constitutions did not work; but he was right in saying that a better constitution could hardly have been devised in the circumstances. Few territories have benefitted in a more spectacular and comprehensive way than Malaya from the selfless labours of several generations of British administrators and scientists. The rubber plantations they created would have been of little value but for the great and beneficent discoveries of Ross in Malaya and other scientists who put an end to the annual holocaust caused by the once dread disease of Malaria. Even so, it was gratifying to learn of his assurance that the people of Malaya will remain Britain's best friends after independence. "Colonialists" have reason to be grateful for any crumb of appreciation that falls from the table in these highly critical days when memories are so short and so reluctant.

But while the Malay and the Englishman have got along together extremely well and have a great liking for each other, there are many who are concerned about the Malay's proverbial lack of mercenary ambition, his readiness to sit quietly and indolently in the shade, and to accept with the least possible effort the bounty of nature. If the venture is to be the success all hope it will be, the Malays and the Malaysians, as a whole, will have to put their best foot forward, and work, think, and strive, or they will find time's whirligig exacting its usual cyclical revenge, and the Japanese or some other guides will repeat the rhythm of a thousand years. It is one thing to get independence, especially from a Power so willing to give it; it is another thing to retain and operate it.

Months have been devoted to the drafting of the new Constitution. Past failures have made the experts doubly careful. The recommendations

made by the Reid Commission last February have been chiselled and polished, enlarged or discarded. The document is now ready for signature and was published on July 2. All that is necessary now is formal Parliamentary approval in both countries and the signing of a new agreement between the Queen and the Malay Rulers to take the place of the Federation of Malaya Agreement of 1948. The principal changes are set out briefly in a White Paper which accompanies the Constitution. They cover almost every original controversial point—citizenship, religion, special Malay rights, language, land and finance. The changes are believed to buttress Malay safeguards more than the majority of the Reid Commission thought necessary, but the framework of the new State remains. It will be under a Head of State to be called Yang Di-Pertuan Agong and a bi-cameral Legislature.

On Citizenship, Commonwealth citizenship is admitted for Federal citizens, but the Government will have the power to take away federal citizenship rights should the citizen exercise in any foreign country, including a Commonwealth country, any rights not normally open to him. "Every person who is a citizen of the Federation will enjoy, by virtue of that citizenship, the status of a Commonwealth citizen in common with the citizens of other Commonwealth countries," but he must in no way trespass beyond that shared status. The Malayan Government is mortally afraid of divided loyalty, allegiance and obligations. The citizenship oath abjures all loyalty to any other State. In the important case of citizens of the United Kingdom and colonies born in the Federation, including many residents in the former British Settlements of Penang and Malacca, the decision is that as they are now entitled to be registered as Federation citizens they will still have that right after independence, provided they apply within one year. Having done so, they will apparently keep their U.K. citizenship.

Persons born in the Federation before independence day may become citizens if they have lived there for five out of the last seven years, while persons living but not born there must have had residence for eight out of the last 12 years. The responsible Minister in the Government will have discretion whether those eligible in the last group shall be made citizens. Islam is proclaimed as the State religion—the fears of the Rulers that to do this would prejudice their position as head of the faith in their respective States having been overcome. Malay is to be the national language, with English permitted for official use for ten years; but the Reid Commission's recommendation that for ten years there should also be a limited right to speak in a legislature in a Chinese or Indian language has been thrown out. But to reassure non-Malays, provisions have been inserted that no person shall be prevented from using, otherwise than for official purposes, any other language.

Nothing in the Constitution has given so much trouble as the economic safeguards and prerogatives

of the Malays, and on this again the ideas of the Reid Commission have been re-cast. The Head of State will, as the Malays wished, have the responsibility of reserving for Malays a reasonable number of positions in the public service, or of educational or training openings, or of permits or licences in business, though, according to the White Paper, he should act on the advice of the Cabinet. The Reid Commission proposed that after 15 years these prerogatives should be reviewed, but the Malays gained a signal victory on this point and there will be no review; but it will rest on each successive Malay Ruler who is Head of State to try to keep a fair balance.

Malay land reservations can only be cancelled if both the legislative assembly in the State affected, and each House of the Federal Parliament, agree by a majority of the total number of members and by votes of not less than two-thirds of members present and voting.

Since the membership of the Reid Commission was liberally representative of various judiciaries, the members may perhaps raise a wry smile to find their proposals on Malaya's judiciary have been revised "to maintain the independence of the judiciary from the executive and legislative authorities." The Supreme Court judges will, as was proposed, be appointed by the Head of State, but the procedure is now hedged about with obligations on him to consult the Rulers, the Prime Minister, and a judicial and legal commission. Whereas the Commission proposed that a judge could be removed from office by an order of the Head of State supported by Parliament, the procedure now calls for an independent judicial tribunal to consider any such case.

An advisory board must be set up to consider, within three months, detentions under the present or any future declared emergency. The present emergency regulations will lapse one year after independence unless continued by Parliament. The Federal Senate will consist of 16 members appointed by the Head of State to represent sectional or minority interests—not 11, as was proposed—and two members for each State elected by the legislative assembly of the States. Two of the five members of the Reid Commission had expressed the view that to have nominated Senators is completely out of step with Parliamentary democracy; but this made no impression. Indeed it was the nominated members who made the former Federal Council one of the most truly representative anywhere in the world, for on it sat expert leaders of the rubber and mining industries, of commerce and industry, and of all other major constructive activities and enterprises. The Lower House, to be called the House of Representatives, will initially have 104 elected members, and later 100. The present Council may continue until the end of 1959 to give time for State elections to be held first. The Rulers meet early in August to elect the first Head for a term of five years. Neither the Enabling

INSTITUTIONAL CHANGES IN THE AMERICAN ECONOMY

By M. Mansfield, M.A., M.B.A.

(Lecturer in Economics, University of Hongkong)

To an economist there are many aspects of the American economy which not only excite interest but repay study. For example: Its massiveness, as evidenced by its mass production, mass distribution and mass finance; its high degree of specialisation, concentration and mechanisation; its intensely dynamic character, constantly creating new and destroying old values; the phenomenal growth of its Gross National Product, which from \$56 billion in 1933 grew to \$209 billion in 1946 and in 1956 reached the record figure of \$402 billion or the fact "the average American in 1954 earned in terms of real income 5 times as much as his great-grandfather, 4 times as much as his grandfather and twice as much as his father."

All these are familiar aspects and could, no doubt, be made the subject of an interesting article. Less familiar, and of greater importance, however, are the structural and institutional changes that have taken or are taking place in the American economic framework; changes so great as to constitute, in the eyes of some observers, a veritable revolution in the American economy. Because of the economic implications of these changes and their relation to two questions which today, perhaps more than ever before, claim the attention of economists: namely the problems of economic growth and stability, they will provide the main theme of this paper.

A new economy is, today, evolving in the United States which has no parallel in economic history. Its difference is reflected not so much in the magnitude of its productive efficiency, as evidenced by its Gross National Product, but in its structure, which has undergone great social and institutional changes, and in the composition of its dominant economic groups.

Particularly significant in this evolution is: (1) the change in the income pattern, which is rapidly transforming America into a Society of middle income people with the number of individuals in the highest and lowest income brackets decreasing and those in the middle income brackets increasing.

(2) The changed money and capital markets and the functional transformation of certain financial institutions not directly amenable to traditional credit control e.g. (i) the call loan market has now lost its former importance and the chief buyers of short term credit instruments—short term government obligations and commercial paper—are no longer commercial banks but large industrial corporations. (ii) The capital market, where institutional investors now play a most important role while corporations find it more attractive to "trade on the equity" by raising capital through the sale of Bonds rather than Securities.

Bill in London nor the White Paper deals with arrangements for Defence. A defence treaty between the Federation and Britain is proposed, which will provide for the stationing of British and other Commonwealth forces in Malaya to assist in defence against external attack. If help is needed in the suppression of terrorism in Malaya, British troops will give it.

(3) Increased individual indebtedness in the form of home mortgages and consumer credit has become an important competitive force absorbing funds that would normally flow into, or siphoning off funds from, the capital market.

Other changes also worthy of note are:

(a) The new consolidation or merger movement, which, motivated by the desire to increase competitive strength, now embraces every phase of the economy; production, distribution, finance and labour union organization.

(b) The eclipse of the traditional entrepreneur, the epic hero of American economic growth, by the anonymous, salaried business executive, skilled in efficiency rather than enterprise, and interested in security and stability rather than risk.

When considered in conjunction with the rapidly increasing public sector, the high tax structure, and the size and composition of the Federal debt these changes, especially the changed income and institutional pattern, pose certain problems in the area of credit control. To estimate, therefore, their ultimate impact on the continued growth and stability of the American economy it is necessary to inquire into (A) The origin and (B) implications of the changed income pattern, and (C) the adequacy of the existing credit technique to control the problems posed.

(A) The origin of the changed income pattern

During the 19th and early 20th century, the tendency of the American economy was towards an unequal distribution or a greater concentration of income in the hands of the rich. In the thirties an important change in this trend became discernible. Income began shifting from the high to the lower income groups. Thus up to 1929 the rich were becoming richer. After 1929 the rich started becoming poorer and the poor richer. It is interesting to note that this basic change in the income trend took place independently of government fiscal policy and was the result of an absolute and relative decline in income from interest, dividends and rent. However, Government controls, especially in war time and cheap-money policies which depressed income from rent and interest, together with progressive income and corporation taxes, aggravated the trend and further narrowed the gap between high and low income groups. A contributory factor, not unconnected with tax policy, was the increasing tendency of management to plow back earnings and offer only token resistance to wage increases and "fringe benefits" demanded by labour unions.

(B) The implications: Impact on savings

It is an observed fact that savings are affected by social and income stratification and that a "middle class" contributes little to an economy by way of savings.

In the United States, while the lower income groups, especially recent immigrants saved a little, the major source of capital development came from the higher income group. In other words, capital development depended in large measure on the voluntary savings of the rich. It was to collect

these savings and channel them into industrial development that America's first financial institutions—banks—came into being. The change in the income trend has had a great impact on this aspect of the economy. In effect it has caused a shift of income from those with a high propensity to save to those with a high propensity to consume. Moreover as living standards have increased and the move from low to "middle class" has progressed so also has the unsatisfied demand of this class for consumption goods, absorbing not only their current disposable income but even their probable future income. *Pari passu* with this "middle class" development, there has been a progressive rise in income taxes reducing considerably the power to save of the high income groups. The result, a great decline in net voluntary individual savings. This could have severe repercussions on the economy. Fortunately, however, offsetting this, there has been concurrently a new development:

- (1) Retained earnings.
- (2) Contractual savings.

Retained Earnings

First developed among the early enterprising members of the community, the habit of plowing back earnings—retained earnings—has been adopted and developed by corporations. This, together with depreciation policy, not unconnected with government tax policy, has grown to such an extent that corporations are now practically independent of the banking institutions which assisted at their birth.

Contractual Savings

Offsetting the decline in voluntary saving, there has been a remarkable growth in contractual savings, as for example, Social Security, Trade Union dues, Pension funds, life and other insurance policy payments. This institutionalizing of savings together with the great economic strength of the country is the basis for the strong feeling of security which inspires the people.

Changes in Saving Pattern—Consequences

The change in the saving pattern of the country resulting in (1) corporate financial independence, (2) institutionalizing of savings, is bound to have repercussions on the financial structure of the country. E.g.,

- (i) The older financial institutions now find themselves competing for a declining flow of funds to sustain their business.
- (ii) The Money Market formerly sensitive to the liquidity preferences of individual investors is now dominated by the newer institutions—insurance, pension, unions, etc. who are interested in permanent investments.
- (iii) Instead of from the older institutions, industry has arranged for placements with insurance companies and pension funds and for the purchase of realty under lease-back arrangements.

(C) The adequacy of the existing credit control technique?

It is the duty of the Federal Reserve System to adjust and direct the flow of money and credit so that the economy may function smoothly, unimpaired by inflation and deflation. To fulfill successfully this duty it must be able to effect quickly changes in the volume and price of credit.

In view of the changes already outlined the question arises whether the technique of credit control at present used by the Reserve Authorities is adequate to its task.

This technique depends on the use of 3 instruments (i) Open Market Operations, reinforced when necessary by (ii) variations in Reserve Requirements, and (iii) variations in

the Discount Rate, though the latter are used more to signalise policy rather than to effect changes in the supply and price of credit. In the field of qualitative or selective credit, its control is limited to variations in "margin requirements".

Reliance on these instruments is based on the traditional concept of credit control which assumed that all sections of the money and capital market stood in such close relation to each other that a change in supply conditions by the central bank would affect all parts equally and simultaneously. In other words—changes in bank reserves would set up an immediate chain reaction throughout the system. While this may have been so in the thirties when the last major amendment was made in the Federal Reserve Act and the Banks were the main custodians of savings and the purveyors of credit it is not so today because of the social and institutional changes that have occurred over the past two decades. As a result the existing technique is inadequate to cope with the problems arising from:

1) **Individual indebtedness:** Due to the growing middle class economy with its insatiable consumer demand, individual indebtedness, primarily in the form of home mortgages and installment credit, has increased very sharply over the past decade. For example: Consumer Credit which was \$5.7 billion in 1945 rose to \$36.2 billion in 1955. While Total Mortgage debt increased from \$35.5 billion to \$130.2 billion over the same period.

Neither the credit agencies supporting this debt nor the individual borrowers are immediately susceptible to central bank control. In the consumer credit market a rise in interest rates is not likely to have any appreciable effect on the volume of installment purchases. To the installment buyer, for example, the important consideration is not the amount of interest but the size of the down-payment and the maturity of the loan. By reducing down-payments and extending the maturity, this type of credit can be made attractive even though interest rates are high. To the credit agencies, also, high interest rates are no deterrent. Because consumer credit has proved so profitable, and because high corporation taxes, in effect, reduce interest costs by half, an increase in interest rates paid by finance companies has little effect on the volume of their business. In general, competition is so keen between commercial banks and other financial institutions that banks are ready to liquidate their holdings of government securities in order to finance their consumer credit business.

In the field of mortgage credit also the restraining efforts of the Reserve authorities may be thwarted by the shifting of savings to the mortgage sector of the market or by the sale of government securities, even at a loss, in order to finance mortgages. By comparing current consumer and mortgage debt with current disposable income some indication of the impact of individual debt on the credit and capital market can be gained. In 1955 Disposable Income was \$269.4 billion and consumer and mortgage debt \$165.7 billion i.e., over 65% of disposable income. To many observers the growth of consumer and mortgage debt is a matter of grave concern. It has now replaced stock market credit as the most important element of instability and the greatest inflationary force in the economy.

2) **The change in the savings pattern:** The change in the savings pattern and the consequent institutionalisation of savings has led to a new alignment of financial institutions not contemplated by the farmers of the Federal Reserve Act.

Insurance companies, pension funds, savings and loan associations now play an important role in financing America's capital needs because they have supplanted the commercial banks as the main custodians of the nation's savings. Life insurance, for example, is now the largest

absorber of savings. An index of its activity in this field can be gauged from the fact that in 1953 when personal Savings were approximately \$20 billion life insurance premiums amounted to \$10.8 billion. In the same year the assets of American life insurance companies amounted to \$90.2 billion, and private pension funds of corporations other than banks, insurance companies, and railroads amounted to over \$11 billion.

Since these large funds are not subject to Federal quantitative controls their use may run counter to Reserve policy and so weaken its power to maintain orderly markets and sound credit conditions.

3) The new role of Government: (i) Through its various credit agencies, e.g., Federal Home Loan Bank System, Veterans Administration, Federal Housing Administration, Federal National Mortgage Association etc., engaged in the granting or guaranteeing of loans and mortgages, the Federal Government has assumed a new and important role in the capital market. Since, however, the vast financial resources made available or used, often in an uncoordinated way, by these agencies are not directly subject to Federal Reserve control, they could at times, greatly impede the effectiveness of its credit policy.

(ii) The vast Federal debt, which at the end of 1955 amounted to \$280.8 billion as compared with \$28.7 billion in 1935, and \$1.2 billion in 1913, when the Federal Reserve Act was passed, together with increased government budgets, has introduced a new and important credit determining factor viz., Debt management and fiscal policy. Fiscal policy, especially, can greatly complicate credit control, because variations in the tax structure as well as in the volume and direction of government spending can operate to increase or decrease inflationary pressures. If, therefore, the work of the Reserve System is to be effective, fiscal credit control and banking credit control must be co-ordinated. So far this has not been done.

The functional change in financial institutions, the growth of individual indebtedness, the vast financial resources at the disposal of Federal Credit agencies, the vast federal debt and increased government budgets has introduced new and powerful credit determining factors not directly amenable to the quantitative credit control of the Federal Reserve System.

In view of all these changes in the economic pattern of the United States and as a means of rendering the Federal Reserve System capable of fulfilling its broad objective there is need for a new Federal Reserve act based on a new concept of credit control, the guiding principle of which should be flexibility and not formula. In other words, instead of putting it into a straight-jacket by enumerating precise and detailed powers and supporting them with specific statutory restrictions on the different financial institutions, it would be better to confer general powers somewhat like those of the Bank of England, subject of course to such limits as will safeguard the American way of life and be conformable to the constitution. If, however, detailed powers must be specified then a new Act would need to confer adequate additional power to: (1) regulate consumer and real estate credit (2) coordinate all government credit agencies (3) embrace all forms of monetary and credit institutions; and pension funds etc., (4) eliminate the multiplicity of legal forms under which banking and financial institutions at present operate. (5) Fix reserves as time and place demand.*

The possible clash between banking and fiscal policy would require, perhaps, a higher central monetary and fiscal co-ordinating Board.

Conclusion

The economic progress of the United States is basically dependent on the savings of the community. Recent structural changes in the economy have resulted in a decline in voluntary individual savings. However, the percentage savings of the United States while low relative to other countries need cause no immediate concern, viewed in the light of past American History. However, the impact of changes in the saving pattern on the banking system as such is one which may certainly require a review if not a reorganization of the banking institutions and concepts together with the general monetary organization of the United States.

* **Bank Reserves:** The whole idea of bank reserves requires reconsideration. The present arrangement is an anachronism and reflects a confusion of function, e.g., intended at first to protect depositors and later as a means of control, the geographical basis has no longer any real meaning. I would therefore recommend setting aside the distinction between different types of deposits and different districts and fixed limits and would permit the Federal Authorities to determine reserves according as the situation demanded. Here again, flexibility and not formula should be the guiding principle.

PAPER MONEY IN MODERN CHINA (1900-1956)

By E. KANN

PART VIII

(10) TAIWAN BANK

Before dealing with this subject, let it be recalled that there were two banking institutions of the identical name, namely: (a) a Japanese colonial financial institution, founded by the Japanese Government in 1899 with special functions and privileges, and with sole rights to issue banknotes in the island of Taiwan (Formosa); (b) the Taiwan Bank, founded in 1945 by the rightful Chinese Nationalist Government as bank of issue and fiscal agent for the island of Taiwan. The latter took over from the former; but otherwise there was no connection between the two institutions. While planning to discuss the career of the Japanese Taiwan Bank at a much later stage, the following discussion relates to the Chinese Taiwan Bank only.

As a direct result of the outcome of world war II, China regained full possession of her former island province Taiwan (Formosa), which had been separated from the mother country for 50 long years.

It was on October 16, 1945, that the Chinese authorities took over the affairs of the Bank of Taiwan (Japanese), an official bank with sole rights of issue. Then it was decided to continue, for the time being, the bank's business as an independent entity, using Japanese yen notes until arrangements could be completed to replace these with Chinese emissions. The original capital of the Chinese-owned Bank of Taiwan was 60 million yuan, supplied by the Treasury.

In January of 1945, the (unpublished) note issue of the Japanese Bank of Taiwan aggregated about yen 900 million yen; by July of that year, the total had soared to yen 1,400,000,000. After the Japanese surrender (mid-August, 1945), huge increases in the total emission were incurred, mainly for financing military expenditure in Formosa. Another factor came up, namely heavy withdrawals from deposit accounts by the general public. When, in October of 1945, the Taiwan Bank was placed in the hands of the Chinese authorities, the (Japanese) note issue had reached the large total of yen 2,897,873,519.

Regarding reserves shown against this stupendous issue, it was ascertained that yen 610,000,000 consisted of Japanese government bonds, while yen 1,193,339,351 was represented by commercial certificates, the bulk of which was lodged with Tokyo.

In December, 1945, the Chinese authorities fixed the rate of exchange between the Taiwan yen and Chinese currency at C.N.C.\$30 for 1 yen, but this was a brief and provisional measure. In September, 1946, Governor Chen Cheng of Formosa petitioned the Central Government for permission to alter the exchange ratio to 1 to 40, but this suggestion was turned down.

In the summer of 1946 it was decided to replace the imperial Japanese yen banknotes of Taiwan by Chinese-printed notes showing the portrait of Dr. Sun Yat-sen on the obverse, as well as the head-office building of the bank, while the reverse depicts a harbor with numerous junks and ships.

When the Chinese authorities took over the administration of Taiwan they immediately ordered the 'freezing'

of yen 600,000,000 Formosan notes in denominations of yen 1000. The Chinese authorities added to the Japanese emissions, and by the end of August the total circulation amounted to about yen 2,800,000,000.

Beginning from September 1, 1946, the Japan-printed yen notes were called back and exchanged for Chinese fiat money. 3 billion yuan in new Chinese notes were shipped to Formosa for the purpose, while a like sum was under preparation to move there. It was expected that by the end of October all the old notes would have been called in. The new notes were printed in denominations of \$1, \$5, \$10, \$50 and \$100. The legend was all in Chinese, and no foreign words were used.

It might prove a useful indication if it is pointed out that, by the end of June, 1946, the Taiwan commodity price index was 9,860 when taking the year 1937 as 100. This fact clearly illustrates that inflation in the island was far advanced.

From the outset, Taiwan currency was kept separate from that of China, proper. The first parity ratio was fixed in 1945 at C.N.C. \$23 equal to 1 Taiwan yuan. Thereafter the following recessions, favoring Taiwan money, were recorded:

On April 24, 1947, 1 T.\$ = 40 C.N.C. By September 1, 1947, it had gone to C.N.C. 72. By June 1, 1948, it had further advanced to 357. And, due to the galloping inflation on the Chinese Continent, it had mounted to C.N.C. \$1,635.

Thereupon, quotations were issued in Formosa in the new Chinese "Gold Yuan". The first such official rate was fixed at T.\$1,835 = 1 Gold Yuan; this was on August 21, 1948. Seeing that the Chinese hyperinflation was rampant, the picture changed rapidly. On November 1, 1948, the official rate between China and Formosa was lowered to T.\$1,000. By December 30, it had receded to 222. On January 18, 1949, it had fallen to 100. By April 11, 1949, it was quoted at par, i.e. 1 to 1. And by May 3, 1949, it had collapsed to 1 Gold Yuan = 1 T. cent. Thereafter there was no more quotation, or acceptance, of the Gold Yuan. The almost daily depreciation of the latter currency caused the Chinese authorities to give a free hand to the then Governor Dr. Wei Tao-ming as regards the fixing of official exchange rates against Chinese money, without reference to Nanking.

By the close of 1954 the Taiwan Bank's capital had been raised to N.T.\$100,000,000, all shares of which were government owned. On the same date profits and surplus were indicated at N.T.\$15,100,000. The issue of currency notes was entrusted exclusively to the Taiwan Bank. Regulations pertaining to the basic emission of N.T.\$200,000,000 were promulgated by the provincial Government of Taiwan on June 15, 1949, while the rules in connection with the Extra-Limit-Issue was promulgated by the same body on July 7, 1950.

The Taiwan Bank acted as agent for all Treasury operations and also as sole organ authorized to control all foreign exchange transactions; in other words, it functioned as central bank.

Currency Reform in Formosa

It was on June 15, 1949, that the Taiwan authorities decreed a currency reform. Its outstanding feature was the abandonment of its former link with the Central Government's "Gold Yuan" which by that time had completely collapsed. Instead, a new link with the U.S.\$ was created. At the outset an official ratio of 5 New Taiwan Yuan (N.T.\$) for 1 U.S.\$ was proclaimed. Simultaneously, Taiwan received from the Central Government (Nanking) a reserve fund of 800,000 ounces of gold. The official valuation of this reserve fund at the prevailing market rate in the Far East (namely 1 troy ounce = US\$55) was US\$44,000,000. Besides, Taiwan received a currency reserve of US\$10 million for creating a Trade Equalisation Fund. The old depreciated paper money was to be recalled at the ratio of 40,000 old Yuan to 1 New Taiwan \$.

The basic limit for Taiwan's new note issue was fixed at N.T.\$200 million. But as such a circulation was insufficient for the financing of Taiwan's trade, an "Extra Limit Issue" was created which, by the end of March, 1953, had reached N.T.\$361,720,000, backed by a combined reserve of U.S.\$5,576,848 in foreign exchange, plus 6,475,527 grams of gold and N.T.\$130,000,000 in warehouse warrants.

Furthermore, on November 8, 1950, the Executive Yuan agreed to "Measures Governing the Issuance of Subsidiary Currency", which authorizes the Bank of Taiwan to issue subsidiary currency in notes and coins up to 20% of the total issue outstanding, but with no more than half of this subsidiary currency in the shape of notes. Fractional coins were issued in three denominations: 50-cents pieces with 72% silver and 28% copper; 20-cents in aluminum; 10-cents pieces with 95% copper and 5% zinc. Subsidiary notes were brought out in denominations of 1 and 5-cents. Government bonds and current commodities were to comprise the reserve for the subsidiary currency. The total of such fractional money in circulation on February 28, 1953, was N.T.\$111,730,000.

The official rate of N.T.\$5 = 1 U.S.\$ severely handicapped exports from Taiwan, and therefore the authorities changed the quotation, fixing N.T.\$7.50 as exchange rate for exporters. Slowly rates moved upward to 8.50; then to 9.50, until the Government decreed a new official rate of N.T.\$10.50 per 1 U.S.\$ early in 1951. But simultaneously another quotation for general imports of N.T.\$15.60 was fixed. This latter was considered the official exchange rate for the new Taiwan dollar. On March 10, 1955, the rate was again increased to N.T.\$24.78 to 1 U.S.\$.

Circulation Figures of Taiwan Bank Notes

Official circulation figures for the term June, 1946, to May, 1947, both inclusive, were supplied by the then Minister of Finance, O. K. Yui, to General Albert C. Wedemeyer's fact-finding Commission in 1947, and were reproduced in the U.S.A. White Paper "United States Relations with China", (Washington, 1949) in billions of Taiwan yuan, on fol. 783:

1946	T. yuan	1947	T. yuan
June	3.7	Jan.	5.7
July	4.0	Feb.	6.4
Aug.	4.2	Mar.	7.0
Sept.	1.2	Apr.	7.5
Oct.	2.8	May	8.9
Nov.	4.0		
Dec.	5.0		

Formosa's economy could not develop without China's impetus. As the mother country, after world war II, underwent fearful trials in many directions, its plight was clearly mirrored in its financial condition. And the latter was notoriously bad for years, both in Continental China and in Taiwan.

When taking over from the Japanese, the Chinese Administration found that, on November 1, 1945, notes outstanding in Formosa aggregated T.\$2,900,000,000. By December of the same year it had receded to T.\$2,300,000,000. From then onward the following circulation was recorded:

End of 1946	T.\$ 5,300,000,000
End of 1947	14,800,000,000
August, 1948	50,005,000,000
September, 1948	59,704,360,000
October, 1948	79,282,630,000
November, 1948	88,759,350,000
December, 1948	115,000,000,000
March, 1949	200,000,000,000 (estimated)

According to the "China Economist" of March 14, 1949, currency inflation in Taiwan worsened rapidly. The total volume of Taiwan paper in March of that year was estimated to have reached 400 billion T.\$, composed of T.\$260 billion in notes, and T.\$120 billion in cashier orders. Despite the fact that commercial remittances to the island had been banned, governmental monies at the rate of T.\$10 billion a month continued to flow steadily into Taiwan. The cost of living index by mid-March, 1949, for Formosa was said to have been 20,000 times the pre-VJ Day level. Under such conditions it is not to be wondered at that the Taiwan dollar unceremoniously disappeared from the scene.

The currency taking its place, termed New Taiwan dollar (N.T.\$), became the money of the refugee Government which, hailing from China, had settled down in Formosa under President Chiang Kai-shek. Endeavors were made to hold the new currency; but this turned out to be a struggle. The following table shows the state of note circulation in Taiwan of N.T.\$, beginning from end of 1950: * (Unit in N.T.\$ million).

	Intra limit issue	Extra limit issue	Subsidiary issue	Outer † Province	Total Issue
1950					
Dec. -----	198.54	50.00	39.37	10	297.91
1951					
Dec. -----	199.62	191.00	82.32	40	512.94
1952					
May -----	198.51	265.65	99.16	43.50	606.82
June -----	198.67	274.62	99.58	43.50	616.38
July -----	198.38	274.62	93.68	43.50	610.18
Aug. -----	198.58	274.56	95.37	43.50	612.01
Sept. -----	198.32	274.00	90.84	43.50	606.66
Oct. -----	198.37	299.00	86.56	43.50	627.43
Nov. -----	198.79	334.00	90.28	43.50	666.56
Dec. -----	199.04	390.00	115.91	43.50	748.45
1953					
Jan. -----	200.00	370.29	105.04	43.50	718.83
Feb. -----	200.00	370.70	111.73	43.50	725.93
Mar. -----	200.00	361.72	100.23	43.50	705.45
Apr. -----	200.00	366.07	102.38	43.50	711.95
Dec. -----	200.00	395.04	103.00	43.50	741.54
1954					
June -----					966.00
Dec. -----					1,228.00
1955					
June -----	200.00	956.48	113.74	30.00	1,300.22
Dec. -----					1,484.00
1956					
June -----					1,415.00
Sept. -----					1,450.00

(11) THE PEOPLES BANK OF CHINA

The creation of the foregoing ten government banks was known and watched by personal perception—so to say as eyewitness—by the writer during his residence of 45

† Means islands belonging to Taiwan, mainly Kin Men Island, whose currency was not authorized to circulate in Formosa.
* See "Monthly Economic Review", issued by Bank of China, Taipei, Taiwan, 1953.

years in China and Manchuria. He likewise has been present when the demise took place of six out of the ten official institutions. Since 1950, only four managed to survive. Of these the Bank of China exists merely in rump-state. Its branches in China, proper, have ceased to be girded with prerogatives which pertain to a government bank. After the Continent of China had been taken over by the Communists, the Bank of China has ceased to play first fiddle in the realm of finance. True, there still exist *soit-disant* independent branches in Formosa and in diverse places abroad; but these have been denuded of rights and functions typical to a government institution.

The Central Bank of China, once upon a time a sound and well-managed Chinese government bank, has almost completely disappeared from the scenes. Since 1949, it has to all intents and purposes nominally maintained one solitary branch office as appendix to the refugee Kuo Min Tang Government at Taipeh, Formosa, but bared of all functions or privileges. It lingers on unconspicuously in Taiwan, perhaps as a souvenir of bygone splendor, but possibly for the purpose of dissolving itself in deep silence.

Of all the ten, only the Taiwan Bank tries to maintain the dignity and functional duties of a government institution, though of an administrative body which had to take refuge on the island of Formosa and which is not care-free enough to obtain the admiring attention of the world.

The other six former government banks of Cathay died a merciful or violent death.

Within less than half a century, the eleventh government bank arose in China. It is called the Peoples Bank of China, a Communist foundation with exclusive privileges and with the sole right of issue. During the Kuo Min Tang—Communist struggle within China's borders, lasting from about 1930 to 1950 (with interruptions during the Sino-Japanese war), the Reds very frequently produced their own money, metallic as well as paper. And as issuers of coins and notes a bank was almost invariably cited as originator. However, such banks—in the true meaning of the expression—was more of an abstract institution than a financial body. During the first seven years of the fratricidal strife, the Red armies were constantly on the move, either advancing in the field, or dispersing under the attacks of the Nationalist armies. Under such conditions the note-issuing bank of the Communists most likely traveled with the Red armies in a covered wagon, one or more such vehicles which carried the primitive printing presses, the requisite paper and ink. At times such vehicles might also, and simultaneously have carried munitions, or wheat flour, or green cabbage. In short, the term "bank" distinctly was a euphemism. Some of the coins struck stated to have been minted and issued by the Laborers and Farmers Bank. But, at that time (1933/34) the said bank certainly was not housed in a rigid building.

The first Communist notes of Chinese origin appeared in 1932. They were marked with the provinces in which the Communist armies then fought and lived, as Kiangsi, Hunan, Chekiang, Anhui, Honan, etc. After world war II, when the Nationalist-Communist struggle was resumed (1946/49), and even before that period when the Reds held certain front lines against the Japanese, they issued their own banknotes and forced these on the populace. Such fiat money became voluminous in the course of years; and the names of the banks which supposedly had issued the paper, were varied and very numerous. When hostilities between the two factions were resumed, say in the latter part of 1947, the Reds, coming from Manchuria, succeeded to march toward the South of China and finding comparatively little

opposition. The campaign was largely financed by paper money issued by the Communists. Many a bank's name was printed on such issues, Red institutions which were actually set up and which probably were domiciled in houses, since their rear was no more threatened. But they came and went by, like day-flies.

Many of the areas conquered by the Red armies in 1947/49 obtained their own bank whose name figured on the notes issued there. At that time there was no uniform currency yet for the various districts; and neither had the notes emitted in the sundry places the same buying power. Only when the entire Chinese Continent had been brought under Communist rule, was it resolved to introduce one uniform currency for the entire country, with the exception of Manchuria.

Without waiting for the complete subjugation of the Chinese Continent, the Communists first issued Peoples Bank paper money on December 1, 1948. When Tsinan (Shantung) fell to the Red armies, these notes were channeled into circulation there and in the rest of Shantung Province. Soon they formed the currency in the north-western provinces, as well as in the areas south of the Great Wall and north of the Yellow River. Originally, such notes were in denominations of \$1, \$5, \$10, \$20, \$50 and \$100.

Fixed rates of exchange were established between Peoples Bank paper money and the issues of other Communist banks in January, 1949. Then also a ratio was created between Peoples Bank \$ (P.B.\$) and the Nationalist "Gold Yuan". Some of these fixed equivalents were:

1 Peoples	
Bank \$ =	100 \$ in (Red) Peihai notes;
	100 \$ in " Chinan notes;
	1,000 \$ in " Border Bank notes;
	2,000 \$ in Northwest Farmers notes;
	5,000 \$ in Hopei-Chahar-Liaoning notes.

Actually, the Peoples Bank of China was founded on December 1, 1948, through the amalgamation of the Peihai, North China and Northwest Farmers Bank for the purpose of unifying the sundry currencies issued by various Communist banks in North China, Northwest China and Shantung. Then the notes emitted by the new bank were made legal tender in Shantung, Shensi, Kansu, Ninghsia, Shansi, Suiyuan and other districts in North China.

Apart from the aforementioned (temporary) banks there were numerous other institutions issuing Communist notes; and these also became exchangeable against Peoples Bank emissions, as, for instance, the Northeast Bank, the Great Wall Bank, the Shensi-Kansu-Ninghsia Bank, the Chungchow Bank and many others, to whom reference will be made at a later stage, when discussing Communist Banks in China. However, let it be understood that these never aspired, nor did they deserve, the title of government bank.

Originally, for want of suitable material, Peoples Bank paper money of 1 \$ was printed in such poor manner that, after circulating a few months, the design and legend were hardly recognizable any longer. However, with the occupation of Peking, the Communist authorities obtained possession of the well-equipped Peking Bureau of Engraving & Printing.

Up to February 22, 1949, Central Bank of China "Gold Yuan" notes could be exchanged in North China against Peoples Bank fiat money at the ratio of 10 to 1. The use of silver money was interdicted as of March 1, 1949.

Entering Shanghai on May 25, 1949, the Communist authorities promptly took over the government banks domi-

ciled there and installed their financial headquarters in the building of the Central Bank of China. Already on May 30, they started to exchange the outstanding Gold Yuan paper money at the rate of G.Y. 100,000 = 1 Peoples Bank yuan. In the conversion of fiat money they had the active assistance of several hundred Shanghai banks and Exchange shops. The time limit within which the notes were redeemable was fixed at less than one week, i.e. until June 5, 1949. After that date Gold Yuan notes could no more be exchanged.

In August, 1950, the Communist authorities in China announced that all banknotes "issued by the former democratic Central Government in areas under its rule during the period of war of agrarian revolution" would be redeemed henceforth. The exchange rate of the notes issued by the former democratic Government in relation to peoples currency was being fixed at 12 to 1 silver dollar. In explanation it was added that this was the same rate which prevailed "during the agrarian revolution period". Therefore, people who held such fiat money for the intervening years could now exchange it without loss at 12 to 1.

Depreciation of Peoples Bank of China's Notes

When the Red armies reached Shanghai (May, 1949), they were flushed with victory, while the population was cowed. This status enabled the Communist to dictate terms and conditions within the areas occupied by them. Their entry into Shanghai coincided with the complete collapse of Nationalist China's "Gold Yuan" currency; and this fact enabled the victors to introduce their currency which consisted of paper exclusively. Starting with a decreed ratio in 1948, the Peoples Bank consented to exchange its own banknotes against Gold Yuan at the ratio of 1 to 10. On March 29, 1949, the cross-rate was advanced to GY 28; on April 1 it was upped to 32. By April 16 it had risen to GY 200, and 2 days later to GY 270; by April 19 it had reached GY 300; on the next day it stood at GY 420, and on the following morning it was issued as GY 1,000 for 1 P.B.\$ (called in Chinese Jen Min Piao).

By June 1, 1949, (i.e. one single day after having been 1,000) the official exchange rate was proclaimed at GY 100,000 for 1 P.B.\$, and 6 days thereafter the Gold Yuan currency was outlawed by the Communists. By that time the Gold Yuan, after a complete collapse, had been breathing its last, while the legitimate Chinese Government was forced to flee the capital of Nanking. Therefore, no defense was possible.

In this regard P.B. money showed appreciation. But actually this was only nominally the case, for Nationalist currency had been swept from the horizon.

It would be a mistake to assume that P.B. notes were not engulfed by inflation, when measured against real values. First of all, food costs were rising when paid for with P.B.\$. Then, compared with foreign currency, the Jen Min Piao did drop in value.

Nanking, the Nationalist capital, fell into the Communist armies' hands on April 23, 1949. Shortly thereafter the ratio between P.B.\$ and the United States dollar was fixed at 1 US\$ = P.B.\$396. Toward the end of May the rate was increased to 1 to 580. The first US\$ exchange rate was fixed by the Communists at Shanghai on June 10, 1949, namely at P.B.\$1,800 = 1 U.S.\$. On July 17, 1949, the official quotation for U.S.\$ was P.B.\$1,950. For months the inflationary price spiral was the principal preoccupation of Shanghai, and the upsurge was general and widespread in all China. On November 18, 1949, the official U.S.\$ rate had reached P.B.\$7,600; by November 21

the quotation had to be revised upward to P.B.\$9,500 for American notes, and P.B.\$10,000 for drafts.

From then onward rates rose against Red China in a somewhat faster pace. For drafts or checks the actual rate rose to P.B.\$15,000 by December 6, 1949. December 19 witnessed an increase to P.B.\$19,000 for 1 U.S.\$. On January 9, 1950, it cost P.B.\$23,000 to buy 1 U.S.\$; by February 23 (1950) 32,000 was officially quoted. Thereafter there was a pause for the depreciation, and from July 1950 onward, quotations for American money were suspended owing to the armed conflict between Chinese Red "volunteers" and United Nations troops in North Korea. However, by mid-July of 1953 the U.S.\$ was quoted at Hongkong in terms of P.B. yuan at about 36,000.

Still clearer discernible was a comparison between rice in Red China in terms of P.B.\$ and the accompanying inflation. Rice being the staple food of the country, is meant to serve as a reliable yardstick. Here are some quotations from the Shanghai rice market, the unit being a bag of from 165 to 172 lbs of rice:

1949		1950	
June 15	P.B.\$ 11,000	Jan. 9	P.B.\$200,000
July 17	60,000	16	210,000
Dec. 27	140,000	23	294,000
		30	285,000

Other clear symptoms of currency depreciation was the fact that in September of 1949 notes in denominations of P.B.\$500 and 1,000 were issued. On January 20, 1950, paper money in values of P.B.\$5,000 and 10,000 had to be circulated. By that time current commodity prices stood between 16,000 and 17,000 times as high as pre-war indexes. But it was not a run-away inflationary movement.

The Peking (Communist) Government, which had proclaimed its supremacy on October 1, 1949, announced the unification of currencies throughout China on April 1, 1951. Then it decreed the Peoples Bank's fiat money sole legal tender, simultaneously abolishing the special currencies in Manchuria and Inner Mongolia.

As regards circulation totals, Communist practice seems to be averse to publishing such statistics. Therefore it is impossible to even venture guesses relative to the volume of banknotes issued by the Peoples Bank of China.

From the outset, the Communist authorities in China adhered to their theory that gold and silver, or foreign exchange, are unsuitable for serving as reserve funds for note emissions. It is difficult to determine as outsiders whether in this respect the simile applies to the fox and the sour grapes; or else, whether serious economists believe in the veracity of their published economic theories. Instead of precious metals, and/or foreign exchange, the Red regime has favored current commodities, selecting these as reserves for the fiat money emitted in China. Such commodities comprise articles for daily use, as rice, cotton cloth, charcoal, cooking oil, etc.

According to the "Far Eastern Economic Review" (Hongkong) of January 14, 1954, such commodity units were composed of 6 catties of rice, 1½ catties of flour, 4 feet of cotton cloth and 16 catties of charcoal. The same source reports that, with the opening of the year 1954, the Red Government of China issued for the first time in Canton paper money in denominations of \$20,000 and \$50,000. Ostensibly the appearance of these large notes was intended "to facilitate the purchase of Reconstruction Bonds and for the general convenience of the public."

The authorities, at the same time, offer the explanation that hitherto they have not resorted to the printing press

in meeting expenditure. People are said to have confidence in the Jen Min Piao; old notes can readily be exchanged against clean paper at the branches of the Peoples Bank; and soiled and torn notes are being destroyed. The Communist authorities do not want a large volume of Jen Min Piao to be held by households, firms and shops, requiring them to deposit big amounts with the branches of the Peoples Bank. This was to prevent large amounts of money from being in circulation. If heavy withdrawals should take place, depositors must give reasons for the withdrawal.

Such demands certainly are not encouraging to the people. However, the public has neither choice nor say in the matter.

According to reliable Hongkong reports, the Peoples Bank of China planned in December, 1954, to issue its notes denominated 100,000 yuan. Such action clearly demonstrates rampaging inflation.

On February 21, 1955, it was officially announced by Peking radio that, commencing with March 1, Government will issue a new currency, replacing the old notes at the ratio of 10,000 to 1. It was explained that the change meant "... an improvement of China's currency system, so as to facilitate transactions and accounting." This explication is, the least said, naive. To offer 1 new paper note, denominated 1 yuan, in exchange for 10,000 old paper notes for a total face value of 10,000 yuan, is clearly an admittance of a breakdown of the Communist currency system.

In virtue of a proclaimed currency 'reform' which entered into force on March 1, 1955, 10,000 J.M.P. of the

old currency were declared equal to 1 yuan of the new fiat money. Other denominations of the new standard were subsidiary notes calling for 1, 2 and 5 chiao (10 chiao is equal to 1 Yuan), while the new major values consisted of Yuan 1, 2, 3, 5 and 10. Besides, there were notes denominated 1, 2, and 5 fen (100 fen is 1 Yuan). The new notes were printed in four tongues, namely Chinese, Mongolian, Tibetan and Uighur, the latter for Sinkiang. All the old J.M.P. notes had to be exchanged before the end of April, 1955, except the small values, beginning with J.M.P. 5,000 and lower.

Foreign exchange rates were to remain officially unchanged, but taking the new reformed rate of 10,000 into consideration. Thus the following quotations were proclaimed:

Pound sterling from J.M.P.	68,590	to Yuan	6.859
Swiss francs	"	5,820	" 0.582
Indian rupees	"	5,160	" 0.516
Hongkong dollars	"	4,270	" 0.427

There was no official quotation for the U.S.\$, due to the existence of somewhat strained relations between America and Red China. But, calculating arbitrage via the official Hongkong quotation, the U.S.\$ works out at about Yuan 2,520.

One of the features of the communist currency reform was that the nomenclature adopted with pride by their Administration, namely J.M.P. (Peoples Notes) was dropped and the old Chinese style for the currency unit (yuan) was substituted.

THE CHINESE IN INDONESIA AND SINGAPORE UNDER RAFFLES

By Lea E. Williams

The overseas Chinese of Southeast Asia have attracted much attention in the past few years. Their attitudes and relationships with the West, with the governments in the region and with their ancestral homeland are matters of concern to all the participants in and observers of the current world contest. Southeast Asia's Chinese are most heavily concentrated in the British areas of the Malay peninsula, where they live under systems of justice and administration based upon principles developed in the early nineteenth century by Sir Thomas Stamford Raffles. Despite the strains to which the harmonious coexistence of Britons, Malays, Indians and Chinese has been subjected in the past ten years, the fact that Malaya is now largely pacified and enjoying booming prosperity, is testimony to the fundamental soundness of Raffles' principles. Had a majority of the Chinese in the area forcefully rejected British rule and the promise of gradual progress toward Malayan self-government, the British position in Malaya would have become as untenable as that in, say, Burma or India.

Raffles is not a unique figure in British imperial history. The policies he implemented for the governing of colonial peoples, including minority groups within a colony, were based upon the two cornerstone of Britain's imperial

structure in its nineteenth century age of greatness: equality before the law and equality of commercial and economic opportunity for all. Raffles was a servant of the East India Company, a body with roots sunk deep in mercantilism, but he was a staunch advocate of the early liberalism of Adam Smith. He believed that Anglo-Saxon justice and an economic system subject to a minimum of governmental restriction were the two chief contributions Britain had to make in her possessions. These were the institutions by which Progress, the object of worship of the nineteenth century British imperialist, would be brought to millions. Raffles was simply one of many who came later but his work antedated that of the men who ruled the Empire in its golden age. He is a convenient figure to study because his career was sadly brief. His work in the East lasted only 18 years, from the date of his appointment to an assistant secretaryship at Penang until his retirement as a lieutenant-governor in 1823. His administration of Java covered something less than five years but it was during that period that his principles of colonial administration were developed and first tested. For this reason, a considerable amount of research has been conducted on the 1811-1816 period of the British interregnum in the Dutch East Indies. This paper will, with an embarrassing lack of originality, continue in this pattern.

In 1811, Lord Minto, the Governor-General of British India, was obliged to lead an expedition against the Dutch holdings in the Indonesian archipelago. Napoleon's brother had been installed as King of Holland and Indonesia had become an outpost of Bonaparte's power, a potential threat to the British position in Asia. Until shortly before the conquest of Java by an Anglo-Indian force, that island and the territories under the rule of its government had been administered by Herman Willem Daendels, a Hollander by birth but also a Marshal of France. His presence in the East as the governor-general of extensive and wealthy territories and as the commander of a Franco-Dutch army seemed a danger to the British. In reality, Indonesia had been thrown into economic chaos by the long interruption of normal trade with the West imposed by the supremacy of the British navy. The fact that the army the British feared owed only the shallowest loyalty to Napoleon and was all but helpless due to a chronic shortage of material is amply demonstrated by the speed with which the conquest of Java took place.

The Anglo-Indian army was landed near Batavia on 10 August 1811 and the only significant battle of the campaign, the Battle of Meester Cornelis, was easily won on 26 August. The surrender of Daendels' successor, Jan Willem Janssens, on 18 September was an anticlimax. The speedy victory of the British and the large measure of success Raffles enjoyed as the Lieutenant-Governor, ruling Indonesia as the agent of the Governor-General at Calcutta, must in part be attributed to the readiness of the population to accept a change.

Although there is little documentation to support such a statement, it would appear that the Chinese, along with many Netherlanders loyal to the House of Orange, were not sorry to see the Franco-Dutch power expelled from Java. A critical Dutch reporter had earlier written: 'The Chinese take not the slightest interest in the welfare of our fatherland, and it will make absolutely no difference to them whether the English or another nation drives us from Java.' It has been reported that, in preparing for the invasion of the island, Raffles used 'all sorts of agents, natives as well as Arabs and even Chinese, . . . on secret missions to the rajas of the archipelago.' It is also known that Daendels was a harsh ruler and must have antagonized many Chinese. For example, during his governorship, a 'wealthy Chinese' was tied to a tree on 'the avenue in Weltevreden,' the main thoroughfare of old Batavia, for 14 days and flogged daily for having purchased a 'government beam,' presumably from official naval stores. The Daendels administration was also a period of enthusiastic bureaucratic squeezing of the Chinese. The practice was not new but it is likely that it reached new levels under Daendels, when the colonial government was financially pressed. High sums had long been paid as a form of operating expense by wealthy Chinese to Dutch officials. 'In 1793, it came to light that the Governor-General himself had been drawing 400 rixdollars table-money per month from the Captain of Chinese at Batavia and on New Year's day received a gift of a "bag" of 1000 rixdollars. This opened vistas from which we avert our eyes in shame.' As late as 1812, a Chinese promised a Dutch member of the Lieutenant-Governor's council a 'garden, actually a villa' if he were made Captain of Chinese. In 1809, in an effort to raise revenue, Daendels ordered the sale of honorary ranks to Chinese and a sizable profit was realized. A reasonably trustworthy British observer later reported: 'Immense sums were formerly mulcted from the opulent Chinese, when bribery, under the pretext of pecuniary fines, was regarded as the lawful perquisite of individuals in power. . . The practice was considered as justified by

the known depravity of the Chinese, whom the Dutch hold in abhorrence on account of their dishonesty.'

The chaos facing Raffles when he reached Java, while in a sense providing him with a clean slate upon which to work, was naturally not without its own problems. The economy had to be restored and that terror of the colonial administrator, 'native unrest,' demanded suppression. That Raffles was fully aware of the difficulties confronting him is shown by his 1812 statement: 'I am here alone without any advice, in a new country, with a large population of not less than six or seven millions of people, a great proportion of foreign Europeans, and a standing army of not less than seven thousand men.' Not the least of Raffles' problems were those posed by the presence of a large Chinese community on Java.

* * * *

Statistics of a century and a half ago, or rather their unreliability or total absence, make it impossible to state with any degree of certainty just how many Chinese were in Indonesia during the British interregnum. Dirk van Hogendorp in his 1799 report on the country, in a sense the Max Havelaar of its day, estimated the Chinese population of Java to be around 100,000. An official reply to Van Hogendorp's accusing work stated that his estimate 'appears not very well-grounded, if one considers that the decrease in the immigration of this race which has taken place during the last few years has already made itself felt in the labor shortage in the sugar mills.' Raffles accepted the figure of 100,000 and added that, though the Chinese were found in nearly all parts of Java, they were especially concentrated in Batavia, Semarang and Surabaya. He further cited the figure of one thousand for the annual number of new arrivals from China. A British officer, who wrote on Indonesia during the period under consideration, was considerably more daring in making his guess on the size of the Chinese population. He wrote: 'The number of Chinese inhabitants at Batavia alone exceeds a hundred thousand.' Further, he stated: 'No less than five thousand . . . came to Batavia soon after the intelligence of the capture of Java by the English had reached to China.' The various figures lead to the conclusion that 100,000 is probably not so far off as to be unrealistic but that there is a strong possibility that there may have been a few thousand more Chinese in Java at the time. In any event, 100,000 has the advantage of being an attractive round number and the reader is, thus, warned by its neatness, to accept it with a grain of salt.

The size of the Chinese population was not so meaningful to Raffles as the position, especially the economic position, of that minority in Java. Van Hogendorp's report, which by the way appears to have been of not inconsiderable use to Raffles in his writing of *The History of Java*, states: 'The domestic trade, great and small; the trade at sea from coast to coast within the archipelago, or to the Peninsula and elsewhere within the Straits, is entirely in their hands, and will be conducted almost exclusively by them.' Later, he wrote: ' . . . the wealth of the Chinese on the island of Java is worth ten times as much as that of all the Europeans there put together; and . . . their annual profits are roughly in the same proportion as those of the Europeans.' Raffles was equally aware of the importance of the commercial role of the Chinese in Java and declared: 'Almost all inland commerce . . . is under the direction of the Chinese. . .'

The size and position of the Chinese community made it unavoidable that Raffles had to work out his policy toward it. An associate described the Chinese as 'at once enterprising, keen, laborious, luxurious, sensual, debauched

and pusillanimous,' while Raffles' closest friend spoke of the 'oblique swinish eye of the Chinese.' Raffles saw and reported that the Chinese shared with Britons industriousness and respect for authority but, on the other hand, he found the Chinese to be 'cunning, deceitful, covetous and restless, and exceedingly unwarlike.' Just why a colonial official saw being 'exceedingly unwarlike' as blameworthy is difficult to understand. One would think that, next to the appearance of a Napoleonic armada in Indonesian waters, the last thing Raffles would have wanted was a minority, numbering 100,000, which was not only very rich but also bellicose. It must be that Raffles, along with the many British colonial officers who have admired the savage hill tribes over the peaceful merchants in the bazaars of India or the fierce Maoris over the pathetic Australian bushmen, had a curious English admiration for pugnacity. Raffles' own image of himself and of the role of the British in Asia is perhaps the real explanation for this apparently illogical condemnation of Chinese pacifism.

The problem of shaping his attitudes and policies toward the Chinese was complicated for Raffles by his strong religious convictions. Together with the so-called Clapham Set of humanitarians, Raffles thought in terms of saving and protecting the Noble Savage. The Chinese were manifestly not savage and, in the eyes of the proto-Victorians, something less than noble. Their culture was too ancient and too complex to be easily superseded or even understood. Or, to employ Raffles' own words: '... The Chinese mind itself, the literature and character of this extraordinary people, of whom so little is known, that their place and rank in the scale of civilization is yet undetermined, are questions which have long attracted the attention of the Western world. The current of their ideas, the mould of their minds, and the whole bent and direction of their powers differ so much from our own, that an estimate of them is no easy task. We find them dispersing themselves abroad, and carrying with them a spirit of enterprise and speculation combined with an industry and prudence, that makes them flourish and acquire opulence wherever they settle.' In other words, the Chinese were in Southeast Asia primarily to engage in commerce, as were the British. This fact made them harder to deal with than the indigenous hunters, fishermen, peasants or even sultans.

Raffles' British sympathy for the underdog naturally led him to seek ways to help the oppressed peasantry of Java. The means were to be found in restricting the activities of the Chinese. As Raffles phrased it in a letter to Lord Minto on 10 June 1811, shortly before the expedition against Java: 'In the districts that may be reduced under the sole authority of the English little doubt can be entertained that we shall best consult our own interests, by a line of policy radically different from that of the Dutch. In all the eastern Dutch settlements, their favourite policy has been to depress the native Malay or Javanese inhabitants, and give every encouragement to the Chinese, who are only itinerants, and not children of the soil, and who follow the general practice of remitting the fruits of their industry to China, instead of spending them where they were acquired. The Chinese, in all ages equally supple, venal, and crafty, failed not at a very early period to recommend themselves to the equally crafty, venal, and speculating Hollanders. They have, almost from the first, been the agents of the Dutch, and in the island of Java in particular, they have almost acquired the entire monopoly of revenue farms and government contracts. At present, many of the most respectable Dutch families are intimately connected with the Chinese in their contracts and speculations, and it is only very lately that Marshal Daen-

dels sold the whole provinces of Pasuki to the Captain China, or Head Chinaman of Surabaya. . . The Chinese have, in Java, been merely temporary residents in the country, they devote themselves entirely to the accumulation of wealth, without being very scrupulous concerning the means. When, therefore, they acquire grants of land, they always contrive to reduce the peasants speedily to the condition of slaves. The improvement of the people, which has never been an object with the Dutch, is much less so with the Chinese. . . If we consider the suppleness and insinuating address of the Chinese, how apt they are on all occasions to curry favour, how ready they are to proffer assistance when there is no danger, and when they perceive that it falls in with their own interest, we may depend upon their utmost efforts being used to ingratiate themselves with the English. It is, therefore, of the greatest importance to be early on our guard against this pernicious and increasing influence, which preys on the very vitals of the country, draining and exhausting it for the benefit of China. . . . The ascendancy of the Chinese, whether of a commercial or political nature, should be cautiously guarded against and restrained; and this perhaps cannot be better done, than by bringing forward the native population of Malays and Javanese, and encouraging them in useful and industrious habits.'

The naive belief held by Raffles that the commercial power of the Chinese could be broken and that the 'native population' could be taught 'useful and industrious habits' was soon shattered. In the letter quoted at such length above, he proposed: 'Let the Chinese and the Arabs, as well as the Americans (who were, in Raffles' view, unscrupulous gunrunners and anti-British, besides), trade to the eastward of Java.' The British period in Java saw some diminution of Chinese monopolistic excesses but Raffles, although he seems never to have recorded the date of his realization of the fact, was quick to see that the 'supple, venal and crafty' Chinese were the only people who could keep the economy of Java in operation. Only the Chinese could or would collect export crops and distribute imports.

* * *

The problem of the ownership of land was one which, of necessity, occupied Raffles' attention from the outset of his governorship. He wrote: 'Anterior to the establishment of the Mahomedan religion in Java, the cultivators of the soil were considered to rank as the first class in the state; for, according to the institutions of Majopahit, it was ordained "that, next to the Sovereign, shall be considered and respected the cultivators of the soil: they shall be the first class in the State below the Sovereign; next to them shall follow the other classes; first, the artists; secondly, the warriors; and, thirdly, the merchants."' The idyllic social system of the ancient Javanese empire had disappeared long ago and 'European power in Java, previously to the occupation of the Island by the English, appears to have been exercised only to invade and to destroy the property of the natives. . . .' To Raffles, no other measure introduced by the Dutch seemed so evil as the sale or leasing of land to Chinese. The land tenure system of the island was such that control of land included the right to exploit the peasants on it. The Chinese landlord was, thus, virtually enfeoffed. In his desperate search for funds to employ in the defense of the island, Daendels had carried the practice of alienating land to Chinese to new extremes. In 1810, the 'extensive eastern districts of Besuki and Panarukan' were sold to the Captain of Chinese at Surabaya, Han Tjan-pit, for 400,000 Spanish dollars; and, later the same year, his brother, Han Ki-ko, was sold 'the province of Probolinggo' for one million silver rixdollars. Such sales of land, smaller in scale, took place in other

parts of Java, notably in the Cheribon area, although Daendels had, when fresh from Europe in 1808, naively proposed the expulsion of Chinese from the interior and a ban on the filing of legal suits against Javanese by Chinese. Raffles was compelled not only by moral considerations but also by those of practical administration to review the question of alienation of large areas to Chinese. In May 1813, a 'dangerous uprising' broke out in Probolinggo and was blamed on the oppression of the peasants by the Chinese landlord. Han Ki-ko and two English officers, who were staying with him as guests, were murdered. . . Raffles recorded: ' . . . The district of Cheribon was also found in a state of tumult and confusion. The lands had been for the greater part farmed out to Chinese. In proportion as the Chief raised the farm or rent, their extortions increased, and the share due to the common people became less, or they were deprived of the whole. . . .'

Dealing with this problem of land alienation could not be done by the seemingly simple means of removing the Chinese from their positions as landlords. After all, although the words were never used in his writings, *laissez faire* was the keystone of Raffles' thinking on the role of government in the economy. 'Of monopoly, it may be said as of slavery, that it is twice cursed, that its effects are not less ruinous to those who impose it than to those who are subject to it. . . Commerce, like Liberty, is a jealous power and refuses her blessing to all who restrain her course.' Britain's interests were 'manifestly connected with the advancement and improvement' of colonial peoples 'by the establishment of a free and unrestricted commercial intercourse, to draw forth their resources. . . . By 'monopoly,' Raffles of course meant government monopoly.

In an effort to arrive at a decision on the settlement of the land problem, he solicited the advice of a number of Dutchmen with long experience in Java. One of these wrote: "If there be a place where riot and rebellion may be apprehended, it is at Probolinggo, where there are still a number of relations of the former Regent and who through his removal are deprived of the best rice fields, and dessoas, on which they lived in indolence, and where discontent with the Landholder has already been very evident. . . Besides this, the Landholder has dismissed a great number of Chiefs, who however they may have been in prosperity, are now feeling the want of means to maintain themselves, and their families; and who express the greatest dissatisfaction at the Chinaman Landholder of Probolinggo." The Hollander further stated: ' . . . the proprietors had introduced new taxes and hardship had resulted.' The best solution, he believed, was for the government to remove the Chinese and administer the country directly. This advice reached Raffles after he had already made a decision which would have made it unacceptable in any event. As he wrote Lord Minto on 7 March 1812: 'In the course of my investigation into the transaction, I have by no means been inattentive to the serious arguments, and objections . . . to the possession of so large a tract of land by one proprietor, a Chinese, but the present was not the only instance in which a similar grant had been made, and there did not appear any adequate ground for annulling so formal and legal a sale, (which in one point of view might be considered as an experiment of Private Industry against the feudal system, which so generally exists throughout the Island) to be put in competition with permanent advantage to be derived.' Lord Minto approved his lieutenants' decision, stating: ' . . . this sale of public lands to a private purchaser is an approach at least towards a more general revolution in the tenure of landed property, and a step in the transition so much to be desired from that vicious system which has so long shackled and repressed improve-

ment by dependent and precarious possession in every district, and indeed, in every field or garden in Java, to that scheme of secure and independent property, the ameliorating powers of which display themselves so happily in every quarter of the world where it is enjoyed.'

On the other hand, with a startling lack of consistency, Raffles ignored his devotion to 'Private Industry' in considering the application of a Chinese who sought to buy land in Bantam for the purpose of establishing a sugar plantation. On 22 April 1812, some six weeks after praising free enterprise, Raffles, in response to the petition of the Chinese, stated: 'The late unsettled situation of . . . Bantam renders it inadvisable that the proposal should be accepted, the nature and oppressive character of the Chinese in general having so often been experienced in this Country as the principal cause of disturbances and insurrections among the Natives, that the same consequences are to be dreaded from their settlement as proprietors of so large a tract of ground. . . .'

The sharp contrast between Raffles' verdict on Chinese proprietorship in East Java and that on the efforts of a Chinese to acquire a similar position in West Java sheds considerable light on the trying situation in which Raffles found himself. The major difference between the Chinese landlords in the East and the aspirant proprietor in the West was that the former were already in possession of their holdings and the latter was not. It was much simpler to deny a Chinese request for an estate than to dispossess landlords able to present Raffles with a legally sanctioned fait accompli. One is forced to conclude that Raffles was torn between worship of 'Private Industry' and a humanitarian interest in the welfare of the 'cultivators of the soil.' Expediency obliged him to be flexible in his idealism.

The farming of monopolies was another disturbing aspect of the Chinese position in Java. The Dutch authorities had long resorted to a scheme for raising revenue through the selling or leasing, largely to Chinese, of monopolies over various goods and services. Monopolies included those on the distribution of salt and opium and the operation of tollgates, bridges, ferries, bazaars, cockpits and gambling establishments. The latter two, because of Raffles' strong convictions in matters of morality, will require some later, special consideration.

The Dutch had found the farming out of monopolies a convenient and appealingly simple method for collecting revenues. The government at Batavia, under the system, was not required to appoint, supervise and pay petty officials to sell the goods or operate the services placed under government monopoly. The government had, once a Chinese had taken over a monopoly, only to count the money paid it at regular intervals. The system, like other schemes for indirect rule in colonial areas, was designed to provide for the performance of governmental functions by a limited number of costly European or Europeanized officials. It was also highly lucrative. In the first full fiscal year of the Raffles' administration, 1812-13, the receipts from various monopolies accounted for about 65 percent of the total revenues of the government. Although there was some decline in the proportion of revenue received from these sources during the balance of the British administration, the absolute figures showed little change.

The farming out to Chinese of the collection of duties on imports and exports brought the government but little revenue because of the disturbed and depressed state of international trade during the Napoleonic wars. It was, therefore, relatively easy for Raffles to implement Lord Minto's desire that customs duties be collected by officials.

On 9 November 1812, there appeared a proclamation which, to judge by its phrasing, was not only promulgated but also drafted by Raffles: '... the bazaars (in the Batavian Regencies) ... , as now farmed, shall cease on the 15th instant, from which date no Chinaman is authorized to collect or levy any tax as duty in the Batavian Regencies. ... The Government, ever desirous of ameliorating the situation of the lower class of inhabitants, ... hereby declares, that all persons within these Regencies are permitted to purchase salt and sell their sugar wherever they please, free of any tax or duty whatsoever. ...'

In 1813, an effort was made to extend the right of free purchase of salt to all parts of Java but the Chinese were too firmly ensconced in their position as the monopolists of that vital commodity to be displaced. Knowing the strength of the Chinese position and the restrictions imposed on Raffles by chronic shortages of funds and personnel, it is impossible to accept his optimistic appraisal of reforms in the bazaars, when he writes: 'Small duties are generally levied in these bazaars, the collection of which was formerly farmed out to Chinese; but it being found that they exacted more than the settled or authorized rate, and that they contrived ... to create a monopoly in their own favour ... that system has latterly been relinquished wherever practicable, and the government has taken the management of the portion of the public revenue into its own hands.' Of course, the words 'wherever practicable' would seem to be the key to an understanding of how far Raffles was able to go. It seems not unreasonable to accept the evaluation of a Dutch student, who wrote: '... the abolition of the forestry and salt monopolies was not of such great significance that the words of Raffles that these measures dealt a deathblow to the harmful influence of the Chinese can be accepted. This could not have been true so long as they were the sole masters of the opium monopoly, the tollgates and the bazaars.'

Opium, because of its baneful properties, was bound to receive the special attention of a zealous humanitarian like Raffles. On 1 September 1815, he issued a regulation calling for the restriction of the processing, retail sale and use of opium to the three chief cities of Java, Batavia, Semarang and Surabaya, and to the native states. Heavy fines were to be imposed for violation of this measure. However, Raffles had not given sufficient thought to the reaction of the government at Calcutta, the site of the East India Company's opium auctions. He was speedily ordered to withdraw his anti-opium regulation and was obliged to do so on 25 January 1816. 'The system of the farming out of monopolies on opium sales introduced by Daendels remained undisturbed and the British limited their modifications of it principally to incessant vacillation over the amount of import duty to be levied.'

'Tollgate levies were taxes on the transport of products. ... These taxes on domestic commerce were, in the hands of the Chinese, very heavy for the inhabitants.' In 'A Minute on the Introduction of a New System of Government,' dated 13 October 1813, Raffles wrote: '... In every district a different mode of taxation existed—and, in general, these taxes were farmed out to Chinese. As a proof how far these vexations were carried, in many instances, on goods passing from one toll towards another, when the granting of something like a certificate of the last duty paid became necessary for the interests of the farmer, the chop or stamp was not marked on the goods to be transported, but on the body of the man who conveyed them, and who, on exhibiting the stamp at the next toll, had it effaced, and a new impression made, to pass him onward in his miserable journey. ... When such expedients ... were resorted to, was it astonishing that the

Javanese should hold the Chinese in utter abhorrence? And yet, these were the only class of people entrusted by the government with the collection of their revenues.' Despite the presence of the shocking conditions he so vividly described, Raffles, because of the unavoidable necessity to maintain the flow of revenue into the treasury at Batavia, was unable to do more than limit the more serious abuses of the tollgate farmers.

Of all the evils Raffles encountered in his years in colonial government, none was more subject to his wrath than gambling and slavery. The Chinese were deeply involved in these, particularly the former, and the principles of humanitarianism called for the suppression of both.

'As soon as Lord Minto took up the reins of government, he gave vent to his philanthropic views by abolishing both gambling hours and cockpits in Batavia and moreover forbade these recreations of the native and especially the Chinese. This regulation was extended to the whole island by Raffles in a proclamation of 28 November 1811. ... Raffles' hatred of gambling was even more forcefully demonstrated by the promulgation of an 1823 regulation on Singapore, which stated, in part: 'Whoever games for money or goods shall receive 80 blows with a cudgel on the breech, and all money or property staked shall be forfeited to Government.' The fact that the punishment to be applied to violators of the regulation was taken from the Chinese penal code makes it clear who the gamblers of Singapore were.

The stern anti-gambling measures he introduced seem to have been of only temporary value. In Netherlands India, after the restoration of Dutch rule, gambling was renewed under government supervision. In his own Singapore, the prohibition on gambling failed to survive long after Raffles' retirement. John Crawford, the Resident of Singapore from 1823 to 1826, legalized gambling; and, when in 1827, 'the Grand Jury made a presentment against the Gaming Farm as an immoral nuisance they were met by this remark from Crawford's successor: "I did not think there were thirteen such idiots in this Island."'

When Raffles reached Java, there were about 30,000 slaves on the island. Most of them were natives of Timor, Bali and Celebes and were, for the most part, engaged in domestic service in the households of Europeans and Chinese. Some slaves from Nias were also obtained and transported to Padang and Batavia in Achenese and Chinese vessels. Even before the British conquest of Java, Raffles urged that the slave trade in the archipelago, carried on principally by Arabs and Chinese, be suppressed. Many of the slaves held by Chinese had been reduced to that situation through debt. Raffles' eagerness to abolish slavery was dampened by the realization that machinery for the enforcement of manumission and for the provision of livelihoods for freed slaves could not be set up in the short time he ruled Java. He also must have been aware of the opposition of India House in London to what that establishment was to call 'disposing prematurely of property that might belong to the Company.' In a proclamation of 15 May 1812, Raffles revealed his indirect plan of attack on the institution of slavery. The proclamation required slaveholders to pay special taxes and to struggle with a maze of newly imported British red tape. When he learned that Java was to be restored to Dutch control before the goal of abolition had been reached and without any treaty provision having been made to require the returning Hollanders to continue efforts to end slavery, Raffles could only lead in the establishment of a society to further his aims after his departure. 'As a last struggle in the slaves' behalf ... Raffles effected the establishment of ... the "Java Benevolent Society," in the hope of interesting

in this effort those who succeeded him.' William Wilberforce apparently tried to do what he could for the new society. Raffles wrote him in September 1819, saying: '... you were kind enough to take so warm an interest in the fate of our Java Benevolent Society. . .'

* * *

The legal system under which the Chinese of Java lived demanded Raffles' attention. The Dutch legal tradition was based upon the rule of 'like over like'—a concept leading to the existence of a complex structure built on separate systems of law for Europeans, for natives and for foreign Orientals. The law of Netherlands India was furthermore derived from Roman law and, thus, was in sharp contrast to the Anglo-Saxon law Britain has so widely exported. Raffles, again because of the brevity of his tenure of the governorship of Java and the limitations imposed by shortages of funds and personnel, was unable to make any sweeping innovations in the legal system of Java. His opportunity to introduce the blessings of British traditions in law came only when he was given, so to speak, a fresh start in the new colony of Singapore. While in Java, Raffles was, however, able to end discrimination between Europeans, Chinese and natives in civil matters in the courts of those areas most firmly under control from Batavia. He wisely saw that Chinese traditions in matters of adoption, marriage and legacies were too closely connected with the Chinese family system and, thereby, with the over-all culture of the Chinese to be easily disturbed. Accordingly, he was willing to let it continue that '... Chinese, in all matters of inheritance and minor affairs, are governed by their own laws, administered by their own chiefs. . .'. An indication of Raffles' desire to end legal discrimination against Chinese is to be found in his 'Regulation for the More Effectual Administration of Justice in the Provincial Court of Java' of 11 February 1814. The regulation contained the following provision: 'Europeans, Chinese and other Oriental foreigners . . . must register themselves in each Residency, and deposit a security of 500 rupees, to insure that they will subject themselves to the jurisdiction of the Residents. . .'

In Singapore, Raffles was finally able to implement the equalitarian legal system he would have liked to bring to Java. In a proclamation of 26 June 1823, to be quoted at some length, because it so well presents his philosophy of justice, he stated: '... Nothing should be endured in the settlement, however sanctioned by the local usage of particular tribes who resort to it, that has either a direct effect, or notoriously strong tendency to endanger the safety or liberty of persons, or the security of property; and in the same manner, no want of what are considered legal formalities in any country should debar a person from having substantial justice rendered to him, so that legal and moral obligation may never be surrendered. . . Let great care be taken to avoid all punishments which are unnecessarily degrading. . . Let no man be punished without a reason assigned. . . Let native institutions so far as regards religious observances, marriage, and inheritance be respected, when the same may not be inconsistent with justice and humanity or injurious to the peace and morals of society. Let all men be considered equal in the eye of the law. Let no man be banished the country (sic) without a trial by his peers or by due course of law. Let no man be deprived of his liberty without a cause, and no man be detained in confinement beyond forty-eight hours without a right to demand a hearing and trial according to due course of law. Let the public have a voice through the magistracy, by which their sentiments may at all times be freely expressed.'

* * *

The years in Java were a period of learning for Raffles. He had not been able to go as far as originally hoped to carry out Lord Minto's instructions: 'While we are in Java, let us do all the good we can.' Nevertheless, his Java experience prepared Raffles for the establishment of Singapore on a practical and just basis. No longer did he speak of the Chinese as 'crafty, supple and venal.' On the contrary, at least as early as 1815, he spoke of 'their original habits of industry, enterprise, and perseverance' and did not feel it necessary to qualify his praise with the old uncomplimentary adjectives. He later wrote, in an 1819 'Minute . . . on the Establishment of a Malay College at Singapore': 'It deserves remark, that of all the inhabitants of the Archipelago, the Chinese, as well from their assimilating more with the customs of Europeans than the native Mohamedans, as from their habits of obedience and submission to power, are uniformly found to be the most peaceable and improveable.' He viewed with enthusiasm the immigration of large numbers of Chinese into Singapore. '... If an instance were wanting to show the eagerness of this extraordinary people to establish themselves wherever they are likely to enjoy the fruits of their industry, a recent instance at Singapore might be adduced. When the British flag was first hoisted, there were not perhaps fifty-three Chinese on the Island: in three months, the number did not fall short of three thousand, and this was rapidly increasing.' In laying out the city of Singapore, Raffles enthusiastically made generous provisions for Chinese commercial and residential sites. 'From the number of Chinese already settled, and the peculiar attraction of the place for that industrious race, it may be presumed that they will always form by far the largest portion of the community. The whole, therefore, of that part of the town to the south-west of the Singapore river . . . is intended to be appropriated for their accommodation. . .'. But this was not a plan to segregate those Chinese merchants concerned with international trade from their British colleagues, '... a considerable portion of the sea and river face, which may hereafter become important for mercantile purposes' was reserved for the use of European and Asian 'principal merchants.'

Since the experience in Java had for Raffles been in large measure an educational one, it is not surprising that one of his first acts in Singapore was to call for the establishment of a school of Oriental studies. 'Borneo and the Eastern Islands may become to China what America is already to the nations of Europe' and, thus, a school at Singapore offered the British 'the means, . . . above all other nations, of prosecuting these studies with facility and advantage.'

Raffles, in Java, obviously had learned to respect the Chinese and to look forward to a happy and profitable Anglo-Chinese relationship in his colony of Singapore. It is difficult to know with any certainty, however, the reaction of Java's Chinese to Raffles. A five minute walk in modern Singapore reveals that the experiment in interracial commercial development of the colony has been satisfactory and rewarding for both Britons and Chinese. In Java, on the other hand, no lasting record of the Chinese response to the stern but equitable British rule remains. One of the Dutch commissioners sent to Java to prepare for the restoration of Netherlands rule wrote, in a report of 15 March 1816 to his home government: 'It has been demonstrated to me from all sides that my unexpected appearance on this island, taken as a sign of the . . . future arrival of a Netherlands Commissioner-General, has created the greatest joy among the natives and especially the Chinese.'

NEW AUTONOMOUS REGIONS IN CHINA

A variety of compulsions and motives combine in the policy of Peking toward the minority nationalities. There is a hard sense of practical politics even more than of sentiment in their approach. The Communist is essentially militant and aggressive and yields only when he must. The indefinite deferment of "reforms" in Tibet and the withdrawal of the professional revolutionaries who were to take the tough Tibetans by the hand and lead them into Marxist paths was a retreat imposed by necessity, not a matter of deliberate choice. And one is forced to speculate what lay behind the extraordinary gesture whereby the Chinese Province of Kwangsi becomes the Kwangsi Chuang Autonomous Region. Such magnanimity ought not to be suspect though one assumes that the powerful group of Kwangsi leaders who are co-operating with the regime had something to do with it.

But a later announcement seems to suggest that the action was not unrelated to a scandal for which two Vice-Governors and the First Secretary of the Provincial Committee of the Party were dismissed, in a decision announced by the State Council in Peking on June 17. These were evidently all three Communist Party officials and one of them was acting Governor in the absence of Governor Wei Kuo-ching. The two dismissed Vice-Governors, Huo Chung-shih and Hsiao Yi-chou and the Party First Secretary Chen Man-yuan, were removed as the result of a joint investigation by State and Party representatives of the floods and drought in 1955 which caused crop failures and food shortages in Kwangsi in the following spring of 1956. The authorities were warned but they failed to cope with the food situation and hundreds of people succumbed to starvation who could have been saved.

The population of Kwangsi is over 18,000,000, of whom more than 6,500,000 are of the Chuang nationality and nearly 900,000 of other minority nationalities. The Chuang people live in a concentrated manner in 42 counties in the western and central parts of the province. In February 1956 the West Kwangsi Chuang Autonomous area established in December 1952 was changed into an Autonomous Chou.

The proposal was given final approval of the State Council on June 7 for the creation of two Autonomous Regions—one for the Chinese Muslims (Tungans) in north-east Kansu, and the other for the Chuang people in Kwangsi—indicates the penetrating changes that are now taking place in the treatment of minority questions in China, ever since the shocks of Poland and Hungary, and the efforts to quieten the non-Han West during the crisis elsewhere. The first retreat was registered in Tibet, though it had its ancestry in the turn from compulsion in central policy to persuasion in China Proper. Persuasion is now being tried out in the minority areas, especially those who, whether because of their numbers or their strategic position, could be a rallying point and even a sally-port for dissidents from China Proper who, like the Communists themselves in the days when they were rebels, and the Chin Generals before them, might find among these peoples the opportunity they could not otherwise hope to get.

Not a word of opposition has been heard so far to the proposed autonomous region for the Muslims in the Kansu Corridor. It is quite probable that if any dissident voice is raised by the Chinese it will be purely on the score of creating beside the vital line of communications through this historic but harsh piece of country a semi-independent

authority that, goaded on by the oil to the West and by religious and political designs, might cut off China Proper from the rich and booming north-west. But Peking has wisely chosen the lesser of two evils. It can hardly have forgotten all the trouble it has had in the last century from the Muslims, both the people of Turkish race in Sinkiang and the Muslims of Chinese race in Kansu. It was only a short time ago, as time is reckoned in China, that when the Chinese went Nationalist and accomplished the Nationalist Revolution, the Tungans of Kansu went Nationalist also and under the twenty-year-old crusader Ma Chung-ying, tried to create a large Muslim empire of Sinkiang and Kansu—and but for Russian intervention would probably have succeeded. The Soviet ultimately captured this young and picturesque adventurer and sent him away into one of their Central Asian Republics, where he either vanished or perished some years later. And so Peking has formulated the proposal to create the Hui (Muslim) Autonomous Region, which will give local particularism its satisfaction and perhaps deter the restless Muslims of the North-West from allying themselves at some future date with their like across the border in the Soviet Union in an even larger design than that of Ma Chung-ying, which might very well be attempted if either of the great Communist Empires faltered or fell.

The initiative seems to have been taken by the Chinese Communist Party Central Committee and by the Standing Committee of the People's Political Consultative Council, both of which gave a directive to the provincial bodies of the Party and the Council. A joint session of the Kansu Provincial People's Council and the CPPCC Provincial Committee discussed and approved a programme for the establishment of the autonomous region, which will include the Yingchuan administrative district, Wuchung and Kuyuan Hui Nationality Autonomous Chou, Chinyuan Hui Autonomous Hsien and Lungte Hsien. The region will include 19 counties and municipalities and have a population of 1,600,000, by no means all of whom are of Hui nationality, covering an area of 50,000 square miles. The project had led to many forums of Hui and Han peoples and to many studies by the Party committee.

There are about 3½ millions of Hui nationality throughout the country, of whom about one-third are in Kansu. There was a desire in some quarters for more propaganda work before setting up the autonomous region, and in this propaganda the "debt of blood" between the Hui and the Han, it was suggested, should be blamed on the reactionary rulers, "as a result of the discord sown by them." At the same time it ought to be made very clear that the various nationalities had co-operated for a long period of history in building the great motherland. But the majority agreed that action should be taken now and not be delayed.

The division of Kwangsi into two sections, one of which (the larger) consisted of the West Kwangsi Autonomous Chou for the Chuang people—China's biggest minority nationality, with 6½ millions—failed of its purpose. It aggravated the isolation of the Chuangs instead of bringing them right into the national community, for at least they had been members of a single provincial community under the old regime. The division emphasised their ancient fate, when two thousand years ago they were driven from their native homes along the south-east coast

(Continued on Page 96)

CHINA'S BUDGET AND PLANS FOR 1957

Revenue and Expenditure in 1956: China's total revenue in 1956 amounted to 29,754,444,000 yuan (including 1955 surplus of 1,011,038,000 yuan) and total expenditure was 30,574,138,000 yuan leaving a deficit of 819,694,000 yuan. Compared with 1955, the increase in revenue was 15.82%: revenue from taxes was 14,088,299,000 yuan (11.95% more); income from enterprises totalled 13,426,398,000 yuan (25.58% more); loans amounted to 723,954,000 yuan (2.06% less); and other income 504,755,000 yuan (42.04% less). Expenditure was 17.99% higher: investment in economic construction totalled 15,915,132,000 yuan (22.81% more); cultural, educational, health, pensions and relief services, 4,595,904,000 yuan (39.82% more); defence, 6,116,569,000 yuan (5.9% less); administration, 2,659,641,000 yuan (29.6% more); repayment of debts, 721,890,000 yuan (10.08% more); aid to foreign countries, 404,002,000 yuan (2.76% more); and others, 161,000,000 yuan (60.6% more).

To make up the deficit, in addition to using the surplus of previous year's, state bank accounts were overdrawn. Both growth in production and increased loans to state, cooperatives and joint enterprises called for more currency. At the end of 1956, 1,690,000,000 yuan more currency was in circulation than in the previous year. According to Finance Minister Li Hsien-nien, over half of this extra amount has already been called in. He gave the following as major factors in the overspending of 2,000 million yuan: 576 million yuan allocated to combat floods and 280 million yuan for relief; overfulfilment of plans in capital construction required more investment; the socialist transformation had required nearly double the plan in loans to newly-established agricultural cooperatives and treble the amount for joint enterprises.

Budget for 1957: Revenue for 1957 is 29,292,934,000 yuan, balancing expenditure. Compared with last year, revenue is up by 1.91% and expenditure down by 4.19%. In industry the guiding principle is still priority for heavy industries. Stress is placed on metallurgy, coal mining, electricity, chemicals, building materials and other raw-material producing industries, power, and industries that have direct bearing on agriculture and light industries. In agriculture and water conservancy, emphasis is laid on building small-scale water conservancy projects, popularising selected seeds, control of pests and plant and animal diseases and raising farming technique. In the field of railway, communications, posts and tele-communications, improvement of existing services will be the main form of development this year. The ratio between industrial and agricultural expenditure this year is 3.97-1 as against 4.19-1 last year. Defence expenditure for 1957 will be reduced to 18.55% of total state expenditure as against 20% last year. Administrative expenditure will be 8% less than last year and aid to other countries 25.71% more. Spending on economic construction, cultural education and welfare will amount to 63.22% of the total expenditure; expenditure for economic construction will be 14% less than 1956 and that for welfare, culture and education, 5.36% more. Investment in capital construction totalling 11,100 million yuan is about 20% less than last year. Capital construction investments in the past 4 years were: 1953, 6,506 million yuan; 1954, 7,486 million yuan; 1955, 8,632 million yuan; and 1956, 13,986 million yuan.

The sources of revenue in the first five-year plan period had undergone great changes. Revenue from state economy, supply and marketing cooperatives and handicraft cooperatives increased from 65.4% of the total revenue in 1953, to 79.2% in 1957. Revenue from agricultural producers' cooperatives and individual peasants reduced from 13.4%-11.2%; from joint state and private enterprises raised from 1.2%-7.2%; and from private enterprises reduced from 16.9%-1.1%. Analysing tasks of 1957, Li Hsien-nien urged

the nation to increase production and practice economy as well as to maintain a stable market.

1957 and First Five-Year Plan: Peking claimed that total industrial output in 1957 valued at 60,340 million yuan will be 12.7% above the original plan. A total of 591 large-scale projects will be started or continued this year; 219 will go into operation including 58 new coal workings, 21 power stations, 14 metallurgical enterprises, and a number of textile plants, paper mills, food factories and hospitals. Tracklaying will be completed on 1,860 kilometers of railways including sections of the new Paotow-Lanchow Railway, the Nanping-Kwantow Railway in Fukien Province and a forest railway in Inner Mongolia. 1,125 kilometres of new motor-roads will be finished including the highway between Sinkiang and Tibet. Other major capital construction projects in this year's plan include the Sanmen Gorge Reservoir on the Yellow River and ten reservoirs along other main rivers. The investment of 11,100 million yuan for capital construction this year exceeds the original plan by 1,400 million yuan. Although this year's figure is 20% less than last year the aggregate target investment over the whole five-year plan has been surpassed by a wide margin.

Peking also boasted that annual production capacities in the first 5-year plan will be increased as follows: coal by 45.28 million tons; electric power, 10,470 million kilowatt-hours; natural and synthetic oils, 1.265 million tons; pig iron, 3.094 million tons; steel, 2.17 million tons; steel products, 1.149 million tons; cement, 2.393 million tons; cotton yarn, 1.161 million bales; cotton cloth, 1,140 million metres; machine-made paper, 215,000 tons; and sugar, by 155,000 tons. New products to go into trial production this year included: whole sets of equipment for 72,500-kilowatt hydro-power and for 25,000-KW thermo-power stations; tractors of 40 horse power; transformers of 40,500 kilovolt-ampere, and a number of rare metal products. China will soon complete its first atomic accelerator, Peking announced.

Production targets for major capital goods in 1957 are: electric power, 18,860 million kilowatt-hours, 13.7% above 1956; coal, 117.27 million tons, 10.7% more; crude petroleum, 1.5 million tons, 29% more; pig iron, 5.554 million tons, 16.3% more; steel, 4.987 million tons, 11.7% more; steel products, 4.473 million tons, 17% more; caustic soda, 178,000 tons, 13.8% more; ammonium sulphate, 499,000 tons, 11.8% more; cement, 6.807 million tons, 6.5% more; boilers, 4,019.7 ton-hours (steam output), 33% more; steam turbines, 143,500 kilowatts, 19.1% more; electric generators, 284,000 kilowatts, 1.1% less; electric motors, 1,251 million kilowatts, 17.7% more; transformers, 3,598 million kilovolt-amperes, 26.4% more; metal-cutting machines, 22,640 in number, 2.7% more; heavy duty trucks, 7,000 units 324.8% more; timber, 25.06 million cubic metres, 21.9% more; and output of the machine-building industry will be 4.4% less than 1956.

Output of some main consumer goods in 1957 will be: cotton yarn, 4.635 million bales, 11.7% less than 1956; cotton cloth, 5,000 million metres, 14.7% less; flour, 5.03 million tons, 0.2% more; sugar, 874,000 tons, 8.3% more than 1956.

Machine-Building Industry: Twenty-nine machine-building plants, newly built or remodelled, have gone into operation since the beginning of the five-year plan. Some 40 more plants are under construction. China can now produce: blast furnace with a daily capacity of 1,300 tons of pig iron and open hearth furnace for steel-making of 150-ton capacity; equipment for coal pits with an annual capacity of 600,000 tons and coal washing plants of one million tons annual capacity; steam power generating equipment of 25,000-kilowatt units and hydraulic power generating equip-

ment of 72,500-kilowatt units; transformers for 220,000-volt transmission lines, 1,900-kilowatt electric motors and 35,000-volt electric cables; drilling and extraction equipment for the petroleum industry; aircraft, lorries, locomotives and coastal and inland ships of up to 5,000 tons; 200 different kinds of machine tools; precision instruments and meters for industrial and laboratory use, including supersonic, electronic and optical instruments; complete sets of cotton spinning and weaving machines; equipment for sugar refineries of 45,000 tons annual capacity; combine harvesters; and tractor-drawn sowers. According to Peking State Planning Commission, China's machine-building industry is now able to meet about 60% of domestic needs.

Grain Consumption and Agricultural Output: The total consumption of food grains in China in the past year was 15 million tons more than the year before, equal to 25 kilogrammes each for the 600 million people, according to data of the Ministry of Food. The statistics cover the period from July 1956 to June 1957. Vice-Premier Po I-po reported recently that with the wheat harvest already in hand and generally good conditions for the other major crops, the agricultural plan for a gross grain output of 191 million tons this year would be reached unless unusually bad weather intervened. Cotton output was planned at 1.5 million tons, 3.8% above last year. The number of pigs was expected to reach 110 million by the end of 1957, 12.4% above last year. Total acreage under cultiva-

tion was estimated at 159,992 million hectares this year, an 11.1% gain in the five-year plan period starting in 1953. Measures to raise the per-hectare yield of all crops are stressed as the main way at present to develop agriculture, which still lags behind the needs of the people and the growth of light industry. Land reclamation which needs big investments will continue but not on a large scale this year.

Domestic and Foreign Trade: Peking estimated that purchasing power in 1957 would go up by 1.8% compared with last year reaching 47,320 million yuan. Total commodity sales this year would be 46,350 million yuan. With the increase in production and the readjustment of prices which had taken place in some goods plus imports, purchasing power and supplies could be balanced and market stability maintained. On foreign trade Peking disclosed that the total amount this year would be 8.4% less than last year. The export of foodstuffs was fixed at 1.9 million tons, 22% less than last year; pork at 77,000 tons, 52.4% less. Export of edible oils would also be cut. The import of machinery in general and means of transport would also be reduced. Future tendencies in China's foreign trade would be: gradual increases in exports of minerals and other industrial products while reducing exports of agricultural products; gradual increase in imports of certain kinds of raw materials and consumer goods while continuing to reduce imports of machinery.

FINANCIAL AND COMMERCIAL STATISTICS OF THAILAND

I. BANK OF THAILAND

1. Issue Department

		Notes Issued		Reserve			
		In Circulation	In Banking Department	Government Securities	Other Securities	Foreign Exchange	Gold
1946	Dec.	2,121,411	83,733	933,528	147,443	352,434	771,739
1947	Dec.	2,053,551	120,361	830,098	148,133	427,313	768,368
1948	Dec.	2,389,992	13,071	775,745	147,486	710,769	769,064
1949	Dec.	2,554,257	42,914	370,780	128,625	871,044	1,226,722
1950	Dec.	3,255,958	41,213	370,780	238,625	1,321,044	1,476,722
1951	Dec.	4,013,867	52,355	370,677	939,657	1,350,115	1,405,773
1952	Dec.	3,948,331	54,158	366,999	286,151	1,937,299	1,412,040
1953	Dec.	4,337,734	28,755	874,917	229,254	1,850,278	1,412,040
1954	Dec.	4,816,915	8,095	1,528,484	200,957	1,683,529	1,412,040
1955	Dec.	5,483,866	76,519	1,219,527	126,384	1,968,100	2,246,374
1956	Dec.	5,718,894	85,904	1,219,682	150,299	2,189,763	2,246,374
1957	Mar.	5,994,588	174,210	1,220,750	139,260	2,564,263	2,246,374

2. Banking Department

		LIABILITIES			ASSETS				
		DEPOSITS			Advances and Discounts	IBRD Bonds	Government Securities	Balance at Bankers	Balance at Provincial Treasuries
		Government	Bankers	Others					
1946	Dec.	108,681	365,435	41,282	211,669	—	3,631	262,034	14,742
1947	Dec.	244,120	248,467	75,189	309,753	—	3,397	179,974	25,662
1948	Dec.	391,917	226,540	265,741	761,850	—	17,784	127,080	33,344
1949	Dec.	394,214	268,766	605,508	753,747	—	142,127	400,626	35,494
1950	Dec.	317,446	332,699	864,840	1,042,207	—	154,860	558,407	69,567
1951	Dec.	423,336	360,590	1,045,886	1,807,548	18,881	147,614	259,008	104,928
1952	Dec.	396,537	354,516	1,629,401	2,547,275	18,881	242,135	91,075	87,628
1953	Dec.	698,372	412,799	2,318,482	3,811,234	10,978	235,641	241,776	97,473
1954	Dec.	439,136	406,256	2,526,229	4,566,837	—	191,335	80,292	103,690
1955	Dec.	417,406	367,608	2,385,126	3,794,534	—	411,251	23,382	133,944
1956	Dec.	812,605	374,645	2,347,145	4,121,774	—	444,131	50,701	252,093
1957	Mar.	894,253	304,634	2,332,602	4,085,294	—	446,203	62,051	262,192

II. COMMERCIAL BANKS

1. Main Assets and Liabilities

(Thousands of Baht)

LIABILITIES			ASSETS				
		Total* Deposits	Cash Reserve	Loans † Advances and Discounts	Government Bonds (Internal)	Treasury Bills (Internal)	Cheques Cleared
1946	Dec.	790,772	458,757	153,348	41,019	119,809	508,248
1947	Dec.	714,721	301,622	273,744	101,506	61,206	692,340
1948	Dec.	755,202	337,454	413,959	104,688	44,907	811,219
1949	Dec.	828,600	326,496	546,912	99,098	19,960	1,205,564
1950	Dec.	998,096	390,681	591,887	109,860	6,374	1,779,926
1951	Dec.	1,270,123	460,344	740,842	112,429	5,212	2,148,355
1952	Dec.	1,493,748	462,616	1,201,609	72,462	28,287	2,115,682
1953	Dec.	1,773,340	560,332	1,648,912	160,047	14,485	2,359,535
1954	Dec.	1,870,008	481,373	1,830,185	130,288	500	2,268,806
1955	Dec.	2,211,978	443,616	2,391,423	179,893	53,470	2,899,927
1956	May	2,316,269	472,041	2,628,748	133,570	20,791	2,742,061

Notes: *Total deposits excluding balances due to other banks and foreign currency deposits.
†Discounts excluding Treasury Bills.

2. Deposits & Bank Debts

(Thousands of Baht)

Deposits, except interbank accounts						
		Sight	Time		Debits to Sight Deposit Accounts except interbank	Debits to Time Deposit Accounts except interbank
		Number of Account	Balance at end of month	Number of Account	Balance at end of month	
1949	Dec.	39,550	646,000	2,009	76,109	1,447,345
1950	Dec.	52,721	914,012	3,054	74,363	2,586,647
1951	Dec.	63,821	1,162,243	3,728	92,472	2,879,244
1952	Dec.	66,744	1,221,116	4,449	118,178	3,334,932
1953	Dec.	96,460	1,308,305	5,262	130,254	2,957,313
1954	Dec.	94,372	1,428,618	7,177	161,783	3,122,565
1955	Dec.	103,767	1,820,718	10,709	215,924	4,078,875
1956	May	116,975	1,829,793	8,780	260,062	4,031,237

III. GOVERNMENT RETURNS

1. Revenue

(Thousands of Baht)

REVENUE (Excluding Loan Receipt)		Budget Estimate	ACTUALS	
			Jan.-Dec.	December
1955		4,180,100	4,369,201	424,448
1956		4,752,520	5,064,769	453,907

2. Expenditure

(Thousands of Baht)

EXPENDITURE		Budget Estimate	ACTUALS	
			Jan.-Dec.	December
1955	Ordinary	1,979,723	1,622,682	212,843
	Special:			
	Current	2,200,280	2,099,145	49,804
	Capital	1,236,483	1,017,766	95,849
	Total	5,416,486	4,739,533	358,496
1956	Ordinary	4,647,481	4,198,545	417,937
	Special:			
	Current	—	—	—
	Capital	1,264,936	790,136	94,134
	Total	5,912,417	4,988,681	512,071

IV. PUBLIC DEBT**1. Floating Debt**

		(Thousands of Baht)	
Outstanding		Treasury Bills	
1956	February	3,266,670	
1957	February	3,266,670	

2. External Debt Outstanding

		(Thousands of foreign currencies)	
Outstanding		January 1956	January 1957
4% Loan 1946		£ 1,044	£ 946
IBRD Loans			
Irrigation Project (Loan 36th.)		\$ 17,522	\$ 17,142
Port Project (Loan 37th.)		\$ 3,825	\$ 3,522
Railway Project (Loan 35th.)		\$ 2,608	\$ 2,401
Railway Project (Loan 128th.)		\$ —	\$ 3,922

V. CLEARING HOUSE TRANSACTIONS

		(Thousands of Baht)	
Cheques Cleared		Total Clearing	
Month		Number of Cheques	Balance of Clearings
1947	December	19,579	521,908
1948	December	48,807	913,560
1949	December	72,259	1,313,909
1950	December	109,445	1,924,835
1951	December	131,157	2,244,552
1952	December	159,381	2,770,376
1953	December	155,259	2,400,072
1954	December	161,899	2,326,921
1955	December	199,050	2,884,907
1956	December	205,240	2,925,376
1957	March	214,666	3,087,939

VI. COST OF LIVING INDICES

(Base year 1950: 100)

Period	Thailand	Burma	India	Japan	Philippines	United Kingdom	United States
1939	8.3	24	34	0.75	28	56	58
1945	73	3	73	20	206	81	75
1949	97	118	100	107	102	97	99
1953	136	90	105	130	97	123	111
1954	129	83	96	134	99	127	111
1955	148	95	97	134	97	136	111
1956	155	102	108	138	101	141	114

VII. FOREIGN TRADE

(Thousands of Baht)

	EXPORTS (F.O.B.)	IMPORTS (C.I.F.)	Balance
1952	5,841,046	5,677,950	+ 163,096
1953	5,771,832	6,471,634	— 699,702
1954	6,177,014	7,021,527	— 844,513
1955	7,164,006	7,415,095	— 251,089
1956	6,936,989	7,571,082	— 634,093

Baht value of trade is obtained by converting foreign currencies at free market rate of exchange.

(A) TRADE BY COUNTRIES**(a) Exports**

(Thousands of Baht)

	United States	United Kingdom	Germany	Netherlands	Switzerland	Hongkong	India	Singapore	Malayan Federation	Japan	Indonesia	Other Countries	Total
1953	1,048,486	40,955	20,560	125,061	2,334	690,838	25,723	858,172	560,914	1,625,231	175,440	596,118	5,771,832
1954	1,350,565	135,207	32,690	215,594	2,360	500,797	37,702	967,791	620,461	1,326,232	356,529	631,086	6,177,014
1955	2,097,217	170,484	84,363	210,874	3,470	617,622	32,493	879,996	854,926	1,260,782	192,355	759,424	7,164,006
1956	1,723,469	217,259	99,442	209,396	2,155	587,611	42,704	982,525	1,018,641	642,227	390,933	1,020,627	6,936,989

(b) Imports

(Thousands of Baht)

	United States	United Kingdom	Germany	Netherlands	Switzerland	Hongkong	India	Singapore	Malayan Federation	Japan	Indonesia	Other Countries	Total
1953	1,174,499	969,748	373,559	656,133	103,145	189,014	240,160	50,365	19,918	1,090,404	359,431	1,245,158	6,471,534
1954	1,330,923	933,731	506,029	644,642	106,778	362,761	153,961	39,856	13,801	1,521,842	454,423	953,660	7,021,527
1955	1,444,363	830,637	438,010	616,243	97,095	715,284	188,016	465,949	232,759	1,377,653	242,478	789,308	7,415,095
1956	1,173,870	877,057	461,496	457,765	122,479	1,194,891	113,961	574,820	270,442	1,260,166	280,580	797,532	7,571,082

(B) TRADE BY COMMODITY GROUP

(a) Exports

(Thousands of Baht)

	Food	Beverages & Tobacco	Crude Materials	Mineral Fuels & Lubricants	Animal & Vegetable Oils & Fats	Chemicals	Manufactured Goods	Machinery	Miscella- neous Manu- factured Goods	Miscellaneous Transactions & Commodities	Total
1953	3,989,062	2,781	1,635,327	—	4,288	4,646	30,240	—	21,415	84,073	5,771,832
1954	3,723,891	4,375	2,269,334	—	14,728	6,629	51,138	—	22,972	83,947	6,177,014
1955	3,704,572	9,358	3,212,980	—	7,606	11,697	61,916	696	26,567	128,614	7,164,006
1956	3,464,875	63,017	3,017,861	806	10,675	11,656	101,714	2,045	27,671	236,469	6,936,989

(b) Imports

(Thousands of Baht)

	Food	Beverages & Tobacco	Crude Materials	Mineral Fuels & Lubricants	Animal & Vegetable Oils & Fats	Chemicals	Manufactured Goods	Machinery	Miscella- neous Manu- factured Goods	Miscellaneous Transactions & Commodities	Total
1953	630,266	136,836	81,140	471,806	23,911	337,816	2,326,206	1,366,009	607,222	490,319	6,471,534
1954	639,878	121,895	84,347	569,922	27,369	526,492	2,590,638	1,388,371	701,912	370,703	7,021,527
1955	618,441	158,503	83,347	684,580	28,013	576,948	2,752,037	1,367,427	901,964	243,835	7,415,095
1956	571,618	170,295	78,690	775,057	28,373	651,351	2,965,562	1,511,282	536,429	282,425	7,571,082

(c) Tin Export

(d) Rubber Export

(Thousands of Baht)

(Thousands of Baht)

STERLING AREA						DOLLAR AREA						OTHER AREA						TOTAL					
Metric tons		Baht		Metric tons		Metric tons		Baht		Metric tons		Metric tons		Baht		Metric tons		Baht		Metric tons		Baht	
1954	10,896.4	291,372	2,943.5	81,260	40.0	916	13,879.9	373,548															
1955	10,892.4	313,162	4,656.3	123,279	131.7	4,065	15,680.4	440,506															
1956	14,175.5	411,119	3,142.9	87,670	257.7	8,657	17,598.3	507,446															

HONGKONG NOTES AND REPORTS

Boats and Marinas—In the summer months boating has become a new sport and pastime. The number of yachts and pleasure boats is all the time increasing. From expensive and pretentious craft, often owned by several families, to the small outboard motor boat, the public can view large arrays of power and sail boats especially in the Causeway Bay shelter, adjacent to the Yacht Club, and in Deep Water Bay. Like elsewhere, the boatcraze has spread and the prospects for good business in this line, with the building and development of marinas, appear bright. While the Causeway Bay shelter, with the erstwhile Kellet Island (now connected to Percival Street by a road), serves as a Hongkong-style marina, no other such docking facility for the public exists in convenient and commercial form. Probably one or two marinas could be built on the south side of the Island, with all necessary docking and maintenance facilities, as well as entertainment and shops. Once exclusive and smacking of haughtiness, the sport of yachting has slowly become popular and will grow in popularity as leisure increases with it and the leisured classes.

We shall see more and more yachtsmen in this Colony; the sprouting of the business of marinas or riviéras, as they might also be fancifully called, and brisk imports of inboard and outboard motors of higher h.p. with plenty of boats being built in local yards. The leading foreign boat builders like Chris-Craft, and the engine makers like Evinrude, Johnson, Scott-Atwater are well known here and sales of these makes have been so encouraging that more merchants show an interest in the development of this line of business. The trend for higher horse power is obvious and anything above 25 h.p. is now offered, rising to 40 and 60 h.p. with some engine makers. But the construction of a real marina would seem to be necessary for the further development of the 'yacht industry' in Hongkong.

What is commonly called among the Chinese people here "Little West Lake" (in the Causeway Bay shelter) has

vigorously grown into a major entertainment at night. Hundreds of sampans, rowed by girls, are docked in that area and for many hundreds of customers at night, and even during the afternoon hours, pleasant seafood sampan-kitchens provide everything a gourmand might desire, including drinks and fruits. In the "Little West Lake"—so called after the scenic attraction of Hangchow's famous West Lake—there are anchored scores of powerboats and other craft, forming a marina basin there, with the antiquated Yacht Club as a backdrop. To add to the gaiety of Hongkong's one and only marina, itinerant musicians, also on sampans, are ubiquitous, and a rather fashionable restaurant and night club, aptly named "Riviera", has recently been opened for business. In the immediate vicinity of the marina is found the Island's principal theatre and entertainment district where at present many ambitious development plans are underway which promise to transform this district into the nocturnal centre of Hongkong within a short time. Flats are going up at amazing speed and yet another residential district of some pretension will soon be there.

Causeway Bay Development—Much has been done in the Causeway Bay district during recent years. Tall apartment blocks have been erected of which Tower Court is one of the most conspicuous. Houses rising to above 12 stories are now common in that district. The Lee Hysan Company was responsible for remarkable development in the area between Hysan Avenue and the old East Point godowns of Jardine's. When Jardine's some years ago sold part of their land holdings at what was then believed a high price but what now is a low price, energetic development started. Houses went up by the dozen, streets were built, a new residential area was created. Between Percival Street to the West and Victoria Park (Causeway Bay reclamation) to the East, a new city quarter has been built, and with great speed. Development there is continuous. What was

announced as the tallest building in the district a short while ago, is now being overshadowed by still taller and, allegedly, more elaborately finished apartment blocks. The most conspicuous building development will soon start with the erection of several massive blocks of apartments, named "King Wah Building", in Great George Street. Three blocks will each be 15 stories high and the centre block no less than 25 stories. That building would when completed be the tallest in Hongkong—the Chartered Bank is at present claiming their building to be the tallest when up but there is another competitor in the skyscraper race and that is the real estate company of Mr. Fu Tak-yam (Macao's gambling king) whose edifice in the central district, taking in the head office of Butterfield & Swire, is planned to exceed 22 stories. At any rate, King Wah Building would in all probability remain for some time the tallest apartment house in the Colony.

Many plans have been announced with regard to the redevelopment of the northern portion of Ewo Street and it is likely that very tall buildings will rise there within a short while. The waterfront between Victoria Park and Percival Street is also in for great changes. It is likely that the remaining Jardine land will be offered for sale and that other unseemly structures in the vicinity such as godowns will be demolished to make room for residential and entertainment buildings. From many points of view, Causeway Bay district is perhaps the most interesting in recent building history of Hongkong, and the prospects of near-future development are intriguing indeed.

Building and Planning—Professor R. Gordon Brown, Head of the School of Architecture, University of Hongkong, is now visiting Thailand, Singapore, Malaya, Burma, Indochina, Indonesia, the Philippines and Borneo to study and report on the general position in the fields of civic planning, housing, school building standards, costs, technical training, and other matters. The research project is sponsored by the Asia Foundation, an American organisation, interested in the welfare and social conditions of South-east Asian countries. The Asia Foundation may sponsor a conference next year for architects and technicians to meet and discuss the linking of associations and societies in the area to exchange information of mutual interest, if the results of our professor's research show that the prospect is favourable and support is forthcoming.

The Far Eastern Economic Review will in due course publish several studies by Prof. R. Gordon Brown and the final S.E. Asia report will be published in Hongkong. The local School of Architecture has gained much prestige all over East Asia, to a good deal due to the efforts of the Head of that School.

In Hongkong, the building boom would not seem to have been always beneficial to the welfare of all classes of people. Thousands of new flats are vacant while very many families are packed in small cubicles. With the exception of government or semi-official and non-profit building organizations, no one is putting up low-priced flats. There are several projects providing flats at \$300 per month but the floor space is so small that the monthly rent per square foot is still too high for the majority of the local population. Land prices still rise; consequently houses are dearer in spite of the recent drop in construction cost.

It is presumed that small and medium type flats will be charged at lower rent in the near future as supply of them exceeds already demand which is borne out by the fact that so many vacant flats cannot be rented out because of earning of potential tenants and rents charged by land companies being at great variance. Expensive and well-appointed apartments still fetch good rentals but also

here the demand seems to have been well met. Building speculation continues in a somewhat blind rush; voices of warning have been raised many times but the price spiral continues unabatedly. One may question the realism of the current land price level especially in the central and the several eastern districts, and also in principal areas of the Kowloon peninsula. Many bankers are puzzled by the apparently interminable boom and they have long ago decided to act most cautiously in all matters of real estate and mortgage propositions. A bust has been predicted many times over, usually by professional economists; but their Cassandra cries have proved, in the face of bullish construction all over the Colony, premature—not false at all. The basis of the construction boom is not very sound; it is not the popular demand for proper housing but the excess of local and immigrant funds which has succeeded in pushing up the land prices to the present height which cannot but arouse more feelings of anxiety among financial observers.

Horse Racing—Hongkong residents spent \$111.9 million betting on horses during the period from October 1956 to May 1957. Sales of cash sweep tickets amounted to \$17.7 million. Tax during the period totalled \$5.6 million (5%) from betting and \$4.4 m (25%) from cash sweeps; the Jockey Club's commissions totalled \$10.6 m and \$3.7 m respectively. These are record figures. If HK residents would pool \$129 million a year for public construction projects there should be no difficulty in raising funds for the \$161 m cross-harbour tunnel suggested by Mr. Kadoorie, or for the \$152 million, 5-span, double-deck HK-Kowloon bridge proposed by Mr. Allport. This sum of \$129 m is almost equal to the amount invested last year in private building construction throughout the Colony. The Tai Lam Chung project, through which local residents enjoy a 24-hour water supply, costs \$130 million and the new Kowloon General Hospital will cost only \$53 million.

"Refugees" from China—In spite of the strict preventive measures adopted by local immigration authorities against unauthorized entries, hundreds of illegal immigrants from China are sneaking into the Colony every month via Macau. Most travel agents in Macau conduct this "trade" and the rates charged range from HK\$150 to \$500 per head depending on whether the "customer" wishes to reach HK by small fishing boats or by regular ferries. Those who cannot afford to pay for such a passage sneak into HK over the border at Shum Chun. Among these "refugees" are also Communist agents and farmers from Kwangtung. Business men and intellectuals usually have friends or relatives here and hope to earn a better living in HK. The farmers sneak over the border simply because there is not enough food at home. Recently there is a change in the direction of Chinese defectors: increasing number of Chinese are leaving the Mainland for Taiwan. The current purge of turn-coat Kuomintang members and the so-called "democrats" in China will discourage Taiwan officials from even considering to sneak back to the Mainland.

HK Tourist Association: The first Board of Management of the newly constituted Hongkong Tourist Association has been appointed by Government with Mr W. C. G. Knowles as the Chairman. Other members are: Mr. F. C. Clemo, Mr. Fung Ping-fan, Mr. Horace Kadoorie, Mr. Harold Lee, Mr. P. V. C. E. Liebenschutz, Mr. J. L. Murray, Mr. J. G. O'Donnell, and the Hon. C. E. M. Terry. During the temporary absence on leave of Mr. Knowles, Mr. Charles Terry will act as Chairman.

It took a long long time to set up this Association. What will now be done? How long will it take that action will be taken? And what action?

HONGKONG'S PRINCIPAL IMPORTS IN 1956

PART II

Item, Unit and Country from which Imported	Quantity	H.K.\$	Item, Unit and Country from which Imported	Quantity	H.K.\$
Tobacco leaf, including stemmed, and cut tobacco for further manufacturing Lb.	7,822,004	21,039,231	Groundnuts (peanuts), in shell Cwt.	25,176	1,641,108
Australia	890	2,960	Malaya	531	43,992
India	821,550	608,948	China	8,209	693,955
Malaya	109,268	129,522	Cambodia, Laos & Vietnam	98	4,082
Central Africa (British) ..	1,144,381	1,774,072	Macao	52	3,781
African Countries, other	163,104	274,561	Thailand	16,286	895,298
U.S.A.	4,139,010	16,273,058	Groundnuts (peanuts), shelled Cwt.	199,617	12,590,853
Burma	24,000	18,900	Malaya	615	46,713
China	64,870	88,008	East Africa (British)	4,023	207,893
Japan	49,230	34,129	Central Africa (British)	8,656	544,024
Macao	292,703	756,834	China	98,826	6,659,382
Philippines	24,363	50,175	Macao	55	3,828
Thailand	967,181	977,042	Philippines	44,365	2,598,764
Netherlands	17,598	34,660	Thailand	40,559	2,359,279
Turkey	1,951	8,408	Germany (Western)	990	62,500
U.S.S.R.	1,905	7,954	Netherlands	1,528	108,470
Tobacco stems, trimmings, shorts and other unmanufactured offal Lb.	152,018	43,610	Soyabeans Cwt.	172,736	5,911,791
India	144,700	40,410	India	3,001	125,162
Central Africa (British)	7,318	3,200	North Borneo	646	27,259
Cigars and cheroots Lb.	18,080	555,924	U.S.A.	1,383	71,047
U.S.A.	147	14,562	China	139,678	4,785,344
Central America	461	37,466	Cambodia, Laos & Vietnam	14,577	512,386
Burma	142	2,286	Macao	128	4,536
Formosa	34	500	Thailand	13,323	386,057
Philippines	14,001	407,670	Sesamumseed Cwt.	197,906	10,621,453
Belgium	585	12,805	India	500	30,375
Netherlands	2,710	80,635	Malaya	912	42,611
Cigarettes, imported Lb.	3,925,699	36,615,009	Pakistan	500	21,248
United Kingdom	1,505,199	16,011,969	East Africa (British)	5,802	329,043
Malaya	2,695	37,106	African Countries, other	984	58,200
Central Africa (British)	14,083	77,675	China	29,745	2,071,348
Egypt	214	3,676	Cambodia, Laos & Vietnam	109,049	5,453,998
U.S.A.	2,329,173	20,083,342	Thailand	50,414	2,614,630
China	24,897	119,700	Smoked rubber Cwt.	77,851	14,825,253
Japan	2,250	19,330	Malaya	25,838	5,005,079
Macao	26,467	61,524	North Borneo	52,013	9,820,174
Philippines	3,931	15,668	Crepe rubber Cwt.	22,552	5,098,883
Belgium	240	2,453	Ceylon	100	32,802
France	352	2,740	Malaya	17,032	4,176,124
Germany (Western)	120	1,650	North Borneo	5,260	868,043
Netherlands	16,078	178,176	Cambodia, Laos & Vietnam	160	21,914
Hides of cattle, buffaloes, horses, mules and asses, undressed Cwt.	95,593	11,837,032	Natural rubbers (other than smoked rubber and crepe rubber) and similar natural gums Cwt.	1,288	224,781
Australia	429	51,796	Malaya	1,288	224,781
Malaya	3,937	524,159	Teakwood (conversions and squares) Cu. ft.	466,030	7,854,601
North Borneo	1,243	147,861	Burma	9,556	187,618
South Africa	280	36,498	Macao	30	300
East Africa (British)	24	4,248	Thailand	456,444	7,666,683
U.S.A.	2,598	215,080			
China	63,613	8,775,507			
Cambodia, Laos & Vietnam	2,917	280,579			
Macao	98	11,604			
Thailand	20,428	1,783,700			
European Countries, other ..	26	6,000			

Item, Unit and Country from which Imported	Quantity	H.K.\$	Item, Unit and Country from which Imported	Quantity	H.K.\$
Raw silk (not thrown) in hanks or in skeins Lb.	726,163	13,438,195	Cambodia, Laos & Vietnam	9,581	1,263,602
China	625,834	11,000,972	Middle and Near East	16,484	3,403,938
Japan	100,329	2,437,223	Countries	1,293	168,896
Sheep's and lambs' wool, greasy or back washed Lb.	1,253,082	6,425,411	Synthetic fibres (including rayon fibres) Cwt.	58,798	9,934,166
Australia	1,253,082	6,425,411	United Kingdom	2,730	494,191
Wool tops Lb.	2,893,016	19,720,702	U.S.A.	7	7,230
United Kingdom	1,667,065	11,056,298	Japan	26,867	4,435,418
Australia	929,365	6,733,502	Belgium	4,676	797,671
South Africa	29,967	250,873	France	1,330	225,945
South American Countries, other	167,729	963,900	Germany (Western)	17,304	2,967,187
Netherlands	98,890	716,129	Italy	2,685	445,395
Raw cotton, other than linters, of Brazilian origin Cwt.	307,651	54,871,069	Netherlands	2,216	383,078
Brazil	304,929	54,321,069	Sweden	983	178,051
Belgium	1,271	278,400	Scrap, iron and steel (not includ- ing tinplate scrap) Cwt.	402,828	6,589,828
Italy	1,012	175,000	United Kingdom	40,319	1,030,648
Netherlands	439	96,600	Australia	33,688	617,200
Raw cotton, other than linters, of Egyptian origin Cwt.	14,966	4,826,396	Malaya	39,765	587,139
Egypt	14,966	4,826,396	North Borneo	82,427	1,518,378
Raw cotton, other than linters, of Indian origin Cwt.	67,333	10,677,780	China	2,997	38,126
India	65,992	10,515,684	Formosa	400	9,000
Malaya	1,341	162,096	Cambodia, Laos & Vietnam	114,900	1,199,989
Raw cotton, other than linters, of Pakistan origin Cwt.	225,041	43,505,313	Macao	27,855	431,169
Pakistan	225,041	43,505,313	Philippines	2,952	29,600
Raw cotton, other than linters, of Turkish origin Cwt.	26,460	5,574,770	Thailand	7,339	139,520
United Kingdom	4,776	976,511	Oceania n.e.s.	22,498	301,312
Middle and Near East			Belgium	7,315	190,834
Countries	2,840	599,965	Germany (Western)	8,293	201,214
France	2,290	480,891	Netherlands	12,080	295,699
Italy	2,085	448,940	Tinplate scrap (including used iron tins) Cwt.	380	5,450
Turkey	14,469	3,068,463	Malaya	240	3,000
Raw cotton, other than linters, of U.S.A. origin Cwt.	297,565	54,400,558	Macao	140	2,450
U.S.A.	297,565	54,400,558	Brass scrap and bronze scrap Cwt.	58,489	6,377,931
Raw cotton, other than linters, of Sudan origin Cwt.	1,581	301,608	Canada	1,523	300,629
African Countries, other ..	1,581	301,608	Malaya	5,382	629,904
Raw cotton, other than linters, of Uganda origin Cwt.	154,586	34,999,106	North Borneo	87	12,173
East Africa (British)	154,586	34,999,106	British Comm., other	154	26,900
Raw cotton, other than linters, of other origins Cwt.	209,903	45,110,081	U.S.A.	2,192	468,786
East Africa (British)	56,127	13,458,632	Cambodia, Laos & Vietnam	19,774	1,517,744
African Countries, other ..	1,084	189,000	Macao	724	116,992
U.S.A.	86,222	19,898,801	Philippines	28,576	3,298,423
Central America	7,144	1,687,839	Thailand	6	180
Burma	31,968	5,039,373	United States Oceania ...	71	6,200
			Copper scrap Cwt.	12,728	1,798,519
			Canada	993	245,981
			Malaya	598	176,970
			North Borneo	288	44,757
			Cambodia, Laos & Vietnam	5,201	195,296
			Macao	645	124,368
			Philippines	4,763	970,147
			Thailand	240	41,000
			Ivory Lb.	318,888	3,963,076
			United Kingdom	6,630	68,050
			Malaya	450	5,330
			East Africa (British)	248,947	3,066,617
			U.S.A.	452	1,250
			Macao	64	500
			Belgium	54,557	714,650
			Netherlands	7,788	106,679

(To be Continued)

FINANCE & COMMERCE

HK EXCHANGE MARKETS

July	U.S.\$		Notes High	Notes Low
	T.T. High	T.T. Low		
8	604½	603	603½	601
9	604½	600½	603½	598
10	606	603	603½	602½
11	604	602½	604½	601½
12	604	602½	604	602½
13	607	605	607½	605½

D.D. rates: High 604 Low 598½.

Trading totals: T.T. US\$3,120,000; Notes cash \$378,000, forward \$3,790,000; D.D. \$360,000. The market turned steady after recent dips. Speculators figured that sterling could not further improve and took overbought positions. In the T.T. sector, general and gold importers absorbed offers from Japan, Korea and the Philippines. In the Notes market, speculative demand improved; positions taken averaged US\$2½ million per day. Interest for the change over favoured sellers and aggregated 70 HK cents per US\$1,000. In the D.D. sector, the market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.725—1.71, Japan 0.01445—0.01415, Malaya 1.876—1.87, Vietnam 0.06622, Laos 0.055, Cambodia 0.071, Thailand 0.2857—0.282. Sales: Pesos 320,000, Yen 12.2 million, Malayan \$310,000, Piastre 12 million, Kip 7 million, Rial 6 million, and Baht 3 million. **Chinese Exchange:** People's Yuan notes quoted HK\$1.35 per Yuan. Taiwan Dollar notes quoted HK\$0.166—0.165 per dollar, and remittances 0.16—0.159.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 16.42—16.32, Scotland and Ireland 14.00, Australia 12.50, New Zealand 14.65—14.55, Egypt 11.00, East Africa 15.00—14.70, West Africa 13.50, South Africa 16.00—15.95, Jamaica 14.00, Fiji 10.00, Malta 12.00, India 1.183—1.17, Pakistan 0.82—0.81, Ceylon 0.995, Burma 0.52, Malaya 1.84—1.838, Canada 6.31—6.245, Cuba 5.50, Argentina 0.135, Brazil 0.075, Philippines 1.79—1.7675, Switzerland 1.43, West Germany 1.44, Italy 0.0094, Belgium 0.115, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.54, France 0.0146—0.01445, Vietnam 0.069—0.067, Laos 0.055—0.054, Cambodia 0.0715—0.071, North Borneo 1.60, Indonesia 0.15—0.136, Thailand 0.28—0.277, Macau 0.0125—1.01, Japan 0.0149—0.0145.

Gold Market

July	High .945	Low .945	Macau .99
8	263¾	262¼	
9	263¾	260¾	
10	264	262¾	Low 270¾
11	263¾	262	
12	263¾	262¾	
13	264½	264	274½ High

Opening and closing prices were 262¼ and 264½, and highest and lowest, 264½ and 260¾. Market was steady and rates recovered in line with US dollars. Interest favoured sellers and aggregated HK\$1.11 per 10 taels of .945 fine. Tradings averaged 8,300 taels per day and totalled 49,800 taels for the week, in which 15,470 taels were cash dealings (470 taels listed officially and 15,000 taels arranged privately). Speculative positions averaged 17,500 taels per day. Import from Macau totalled 13,000 taels. One shipment of 48,000 fine ounces reached Macau during the week. Export amounted to 10,500

taels (7,500 taels Singapore, 2,000 Indonesia, 1,000 Vietnam). Differences paid for local and Macau .99 were HK\$12.80 and 11.80 respectively per tael of .945 fine. Cross rates were US\$37.75—37.73 per fine ounce; 35,200 ounces were contracted at 37.73 cif Macau. US double eagle old and new coins quoted HK\$273—271 and 231—229 respectively per coin, English Sovereigns HK\$58 per coin, and Mexican gold coins HK\$282—280 per coin. **Silver Market:** 500 taels of bar silver traded at HK\$5.80 per tael and 800 dollar coins at HK\$3.70 per coin. Twenty-cent silver coins quoted HK\$ 2.85 per five coins.

HK SHARE MARKET

The stagnant market was stirred by dividend announcements last week. HK Banks jumped from 1660 to 1790 on news of the proposed one for one bonus issue and an unchanged interim dividend of £2 per share; profit-taking later damped the price to 1780. In London, HK Banks firmed from £97 to £103½. Lane Crawfords went up to 32.50 following the announcement of an unchanged dividend of \$3 and a proposed bonus issue of one share for every one held; closing rates also forced slightly down by profit-taking. HK and FE Investments, too, advanced from 10.30 b to 10.50 b on improved dividend of 80c (5c better than previous year); when there was no sell-

ing response, buyers increased offers and 300 shares changed hands at 10.80. Providents however failed to improve in spite of the proposed issue of one in four, at a premium of \$5 (the share will therefore cost \$10); investors do not welcome new issues at a premium and consequently selling pressure depressed quotations to 12.10 at the close —90c lower than previous week.

Nanyangs continued firm and their recent profitable sale of land in Tokwan further stimulated prices to 8.80 b without selling offers. Textiles were slower but XD-quotations reflect a further gain of 5c during the week. Union Ins had more demand than supply; buying offers were raised from 90 to 93.50 before there was any selling response. Steady demand also pulled up

Share	July 5	Last Week's Rate		Closing	Up & Down	Dividend	Annual Yield* (%)
		Highest	Lowest				
HK Bank	1645 b	1790	1660	1780	+135	\$30	4.49
Union Ins.	90.50	93.50	90 b	93.50	+3	\$3.40	3.64
Lombard	37	38 s	37	37	firm	\$2	5.41
Wheelock	7.75	7.85	7.80	7.85	+10c	75c	9.55
HK Wharf	108	110 s	108	108	firm	\$6	5.56
HK Dock	45	45.50 s	44.75	45.25	+25c	\$2	4.42
Provident	13	13.10 s	12.10	12.10	—90c	\$1	8.26
HK Land	23.50	35.75	35.50	35.75	+25c	\$3.50	9.79
Realty	1.475	1.475 s	1.45	1.475 s	steady	15c	10.17
Hotel	15.60	15.70 s	15.40	15.40	—20c	\$1	6.49
Trams	23.20	23.30	23.10	23.30	+10c	\$1.70	7.30
Star Ferry	135 n	—	—	135 n	quiet	\$9	6.67
Yauamatl	103	103	102	103	steady	\$7.50	7.28
Light	18.70	18.80	18.50	18.70	steady	\$1.10	5.88
Electric	29.90	29.90	29.60	30 s	steady	\$2	6.67
Telephone	28	28	27.70	27.80	—20c	\$1.50	5.40
Cement	32.50	32.50	32.25	32.25	—25c	\$4	12.40
Dairy Farm	14.60	14.70	14.60 b	14.80	steady	\$1.63	11.16
Watson	11.70 s	11.80 s	11.40 b	11.50	—20c	\$1	8.70
Yangtze	6.30 n	—	—	6.30 n	quiet	70c	11.11
Allied Inv.	4.65	4.70 s	4.50 b	4.50 b	—15c	25c	5.56
HK & FE Inv.	10.30 b	10.80	10.30 b	10.80	+50c	80c	7.41
Amal. Rubber	1.525	1.525	1.50	1.525	steady	28c	18.36
Textile	4.75	XD 4.40 s	4.75 b	XD 4.30 n	+5c	50c	11.63
Nanyang	8.45 b	8.80 b	8.50 b	8.80 b	+35c	\$1	11.36

* Annual Yields are only ESTIMATES calculated with current X-All rates against last year's dividends.

Wheelocks, Wharves, Docks, Lands, Dairy Farms and Trams. Realities, Amal. Rubbers and Yaumatis fluctuated within narrow limits but closed steady. Lights and Electrics eased slightly under the news that the surcharge on electricity might be reduced; closed steady at week-end. - Watsons, Telephones, Hotels and Cements retained steady demand but closing rates were fractionally lower. Turnover was slightly better: Monday, \$491,000; Tuesday, \$343,000; Wednesday, \$565,000; Thursday \$1 m; Friday, \$523,000.

Dividends: HK & Shanghai Banking Corporation—Interim Dividend, £2 per share plus one bonus share for each share held. HK & FE Investment Company—Dividend, 80c per share. Lane Crawford Limited—Dividend, \$3 per share plus one bonus share for each share held.

SINGAPORE SHARES

The publication of the White Paper concerning the constitution for independent Malaya does much to account for the presciently firm markets in recent weeks. Trading during the week ended July 5, the market showed renewed strength in the Industrial Section and several gains established by the close, notably in Gammons from \$2.39 to \$2.50, Malayan Collieries shot up from \$1.02 closing at \$1.15 buyers, and Malayan Cement rose sharply from \$1.65 to \$1.80, demand finding the market short of stock. Other active Industrial shares include Fraser & Neave Ords., which after initial dealings at \$2.72½ declined to \$2.62½ rallying later to \$2.67½, Hammer & Co. were taken at \$2.20 to \$2.17½ and Henry Waugh from \$1.92½ to \$1.87½. Hume Industries Ords. firmer with business passing at A.5/9½ and A.5/10, Malayan Breweries from \$3.30 to \$3.35, and McAlisters from \$1.82½ to \$1.84, at which latter price further shares were on offer. Metal Box continued upward and had numerous sales at \$2.25 c.d.c.c.i., closing with buyers over. Robinson Ords. saw business from \$2.00 to \$1.97½ and Sime Darby from \$1.95 to \$1.90. Singapore Cold Storage were particularly active and had heavy sales from \$2.18 to \$2.20 to \$2.19 c.c.i. Straits Steamship improved to \$17.40 bid whilst Straits Times again made \$4.00. A large business passed in Straits Traders from \$2.47½ to \$2.45 to \$2.50, in United Engineer Ords. from \$12.00 up to \$12.25, in Wearne Brothers from \$3.42½ to \$3.45 to \$3.42½ and in William Jacks from \$2.40 to \$2.37½ to \$2.40 c.d.

Amongst Tin shares Austral Amalgamated were dealt in from 15/10½ down to 15/7½ and Ayer Hitam from 28/6½ to 28/3, but later recovered to 29/-. Berjuntai marketed at 15/3, Kepong Dredging at 4/10½ to 5/-, Kuala Kampar from 39/6 to 40/6, Larut

from 8/8 to 8/10½ c.c.r. and Lower Perak at 16/6. Petaling on good support improved to \$3.15, Pungah from 8/3 to 8/6, Rantau from \$2.27½ to \$2.40 and Sungei Way from \$1.71 up to \$1.80.

Sterling Rubber shares dealt in include Banteng Selangor at 47/6, Bertam Consolidated at 3/5 to 3/3½, Bukit Sembawang at 3/4½, Kuala Pilah at 1/7½, Ledang Bahru in quantity from 3/4½ up to 3/7½, Lower Perak Rubber from 1/8 to 1/9½ and Malakoff at 14/6 c.d. to 13/6 to 13/6 to 13/3 x.d., Port Dickson Lukut changed hands at 4/9, Ratanui at 5/3, Selama at 4/0½, Sendayan and Sungei Chinchoh at 1/2½.

Local loans had small dealings at quotations.

TRADE REPORTS

The local commodity market last fortnight was more active than during June but improvements were not very impressive. China continued to absorb metals and other supplies from here but quantities involved were small. Korea and Taiwan displayed keen interest in popular items of metals, pharmaceuticals, chemicals, etc. but transactions were handicapped by low buying offers. Demand from US for HK manufactures further improved but exports to SE Asia remained slow. UK and Europe purchased more staples from here but orders covered only a small number of items. Commodity prices were steady in general; however, cotton yarn and cloth eased under sluggish export while sugar and wheat flour depressed by heavy supply.

China's Trade with the West—According to Peking's foreign trade minister, the fact that UK and other Chincom countries are retaining more than 200 items on the embargo list restricts the development of normal trade between China and these countries. However, even if the embargo is totally lifted the increase in China's purchase from the West will not be very impressive. China's current policy is to rely upon USSR and other Communist countries for 75% of its import and to increase trade with Asian and African countries. Peking's estimate for 1957 foreign trade at 9,955 million yuan is 8.4% less than that for 1956. Import budget has been cut to 4,755 m yuan because China will be able to export only 5,200 m yuan this year. Export of minerals, industrial and handicraft products will be higher in 1957 but grain exports will fall from 1.32 m tons in 1956 to 780,000 tons this year, edible oil reduced by 100,000 tons, pork (including live hogs) by 85,000 tons and cotton yarn by 12,209 bales. Import of certain kinds of industrial and agricultural raw materials and consumer goods will be increased but import of general machinery will be reduced this year.

In Tokyo, officials compiled a list of 200 items (including rolling stock, ships and machinery) to be lifted from the embargo on trade with China. Japan anticipates that export to China will reach US\$100 million during the next 12 months. In London, UK businessmen are still waiting for visas to visit China. The Sino-British Trade Committee in London invited a Chinese trade mission to visit UK but Peking has not yet accepted the invitation. France is also planning to send a trade mission to China (probably in September). Two Chinese industrial missions are expected to visit France shortly; a textile mission in August and hydraulic exports in September.

HK/China Trade—Import of food-stuffs from Canton and other Chinese ports remained very heavy while supply of beans and oils as well as light industrial products restricted to small quantities. China's exports transhipped here during the fortnight included groundnut, sesame and hide to Japan; newsprint and machinery to Thailand; silk piece goods to Ceylon; newsprint and window glass to India and Pakistan; groundnut and stationery to Middle East. From here, China bought more metals, pharmaceuticals and chemicals but interest was centred on only a few items and many transactions fell through because prices here outstripped low buying offers from Canton.

HK/Japan Trade—Cement constituted the major portion of about 6,000 tons imports from Japan during the fortnight. Other principal imports were bean oil, woollen yarn, woollen and rayon textiles, camera, photo supplies, toys, electric appliances, galvanized iron sheet, paper, fruits and chinaware. Export to Japan slowed down. Orders for staples covered only small quantities of a few items while demand for scrap iron limited to top grades.

HK/Europe Trade—Orders from Europe were mostly for China produce; transactions were restricted by limited stock here. Demand from UK for HK products (rubber shoes, cotton textiles, knitwear, shirts, plastic products) remained strong; export during the fortnight totalled 5,000 tons. A firm in Manchester advertised in local paper inviting offers from factories here to supply metal watch bracelets and leather watch straps. Import of metals, automobiles, paper, tobacco, wines and provisions from UK totalled 4,500 tons and from Europe, 4,000 tons. Booking of supplies from UK and Europe by dealers here was not very active during the fortnight because stock of metals remained heavy; indents for paper too high; demand from China, SE Asia and other buyers for pharmaceuticals, chemicals, dye-stuffs, etc. uncertain; local consumption of tobacco, wines and provisions limited while re-exports of these items to SE Asia curtailed by import restrictions in these countries.

HK/US Trade—Export to US, consisting entirely of HK products, totalled 2,800 tons. Orders reached here covered graphite, firecrackers, shirts, rattanware, rubber footwear, torch, garments and cotton goods. Authorities in US announced following changes in the control of import from HK: (1) Shipments of frozen prawn are now limited to not more than US\$400 in value per consignment. (2) Articles manufactured here wholly or partly from silk materials can now be shipped to US under comprehensive certificates irrespective of the origin of the silk or of the silk piece goods used. (3) Suppliers and shippers of cotton manufactures to US must describe the merchandise according to the new classifications contained in the publication "Statistical Requirements for Reporting Imports of Cotton Manufactures", copies of which can be seen in the Consular Section of the American Consulate General here on Garden Road.

Taking advantage of the decline in US dollar rates in the local exchange market, importers booked more supplies (particularly raw cotton) from US. During the fortnight, over 3,000 tons of textiles, pharmaceuticals, auto parts, cotton, cigarettes, air conditioning equipment, frozen food, fruits, cosmetics and provisions arrived from US.

HK/Malaya Trade—5,000 tons of cargo left here for Singapore and other Malayan ports during the fortnight. Malayan rail transportation workers' go-slow strike had been settled but Singapore dockers' go-slow strike continued to paralyse cargo-handling on the waterfront there discouraging Malayan importers from ordering more supply from here and other sources. Export to Singapore and other Malayan ports will also be adversely affected by (1) the decline in Indonesia's purchase of HK goods from Malaya, (2) the weak commodity prices in Malayan markets, (3) the 7.5% increase in freight charges for cargo from here to Port Swettenham, and (4) the possible increase in direct shipments of foodstuffs and light industrial products from China to Malaya. The Malayan Government on July 4, lifted all restrictions on export of rubber to China. Since the embargo on rubber exports to China was lifted conditionally last June, Malaya has shipped 8,750 tons of rubber to China.

HK/Thailand Trade—About 7,000 tons of rice reached here from Bangkok in addition to 2,000 tons of salt, feather, scrap metal, beans, oilseeds, live cattle and timber. Heavy import of Thai produce enabled Bangkok to order more metals, paper, pharmaceuticals, chemicals, cotton yarn and knitwear, cement and foodstuffs from the local market. The volume of these purchases however was much less than HK's import from Thailand.

HK/Indonesia Trade—Demand from Djakarta improved following Japan's restriction of export to Indonesia.

However more enquiries than orders reached here for metals, cement, HK manufactures and China produce because Djakarta merchants found imports too expensive after paying premium for exchange certificates to cover their purchases.

HK/Philippines Trade—Export to the Philippines turned tardy after recent heavy shipments. Orders from Manila covered only small quantities of metals and paper. Prospects dull because import duty there on many items (luxuries, non-essential consumer goods and products which can be manufactured by domestic industries) has been increased.

HK/Cambodia Trade—Cargo movements between HK and Phnompenh remained active; import of rice, maize, beans, oilseeds, live hogs and cattle totalled 3,500 tons while export of metals, wheat flour, foodstuffs, etc. exceeded 2,500 tons. More orders reached here during the fortnight for garlic, structural steels, woodfree printing, antibiotics and cement; Phnompenh also invited tenders for the supply of sugar.

HK/Laos Trade—Vientiane merchants enquired for paper and structural steels from the local market but made no commitments. Purchase from here may improve after arrangements between Saigon and Vientiane to use Tourane in North Vietnam for transshipments are completed.

HK/Vietnam Trade—Export to Saigon restricted to small quantities HK metalware, pharmaceuticals and structural steels. Imports of rice and other staples from South Vietnam also restricted to small quantities. North Vietnam did not buy anything from here but shipped to the local market several consignments of rice, feather, coal and other staples.

HK/Burma Trade—Inappreciable quantities of beans and maize reached here from Burma. From the local market, Rangoon procured groundnut oil, menthol crystal, torch batteries and foodstuffs. Rangoon also invited tenders for the supply of sugar.

HK/Ceylon Trade—Colombo announced a new tax on bank charges, the tripling of import duty on luxury goods and heavier duty on beer and cigarettes in order to reduce a budget deficit of 200 million rupees (about HK\$230 million) for the year beginning October 1 to about 152 m rupees. No order reached here during the fortnight. Export covered by previous purchase totalled 1,000 tons; principal items were garlic, dried chilli, beans and HK manufactured goods.

HK/Korea Trade—Demand from Korea improved but trading volume still restricted. Orders for metals were limited to small quantities; enquiries for paper were keen but low buying offers handicapped transactions; while interest in pharmaceuticals and chemicals was centred on a few items only. There was no order for rice; Seoul was negotiating with Taipei for

the purchase of rice from Taiwan. Dealers here however expect more orders from Korea during the second half year because Seoul has earmarked more US dollars from aid funds for 1958 imports (including \$1 m for newsprint, \$1 m for other printing paper, \$200,000 other paper, \$1 m cement, \$1 m non-ferrous metal, \$1 m pharmaceuticals, \$150,000 chemicals, \$500,000 steels, \$2 m raw sugar); import applications will be accepted beginning end of this month. Seoul also permits traders there to effect import shipments on D/P terms before the establishment of L/Cs.

HK/Taiwan Trade—In addition to live hogs, sugar, citronella oil, feather and other staples, Taipei sent here electric appliances, straw boards, grey sheeting; import from Taiwan totalled 1,000 tons last fortnight. US\$9.6 m has been earmarked by Taipei for import during July/August including \$250,000 for antibiotics and \$360,000 for patent medicines. Orders reached here covered small quantities of pharmaceuticals, paper, metals, rosin and green peas; transactions were handicapped by low buying offers. To stimulate foreign trade, Taipei eased restrictions on the use of foreign exchange certificates; exporters there can now sell these certificates as soon as they have received them. (Previously, exporters had to wait two months before selling resulting in a freezing of capital). The certificates, previously valid only 4 months, are now good indefinitely. Under Taipei's foreign exchange control system, exporters receive part-payment in local currency and part-payment in foreign exchange certificates for each US dollar earned from exports. The certificates are sold to Government or to importers on the open market.

HK/Africa Trade—Export to African markets totalled 4,000 tons; principal items were cotton textiles, rayon piece goods, torch, hurricane lantern, enamelware, shirts, cassia. Shipments to South Africa are now handicapped by the recently increased import duty there. British West Africa bought less enamelware and knitwear from here this year compared with 1956 but still better than demand from French West Africa in spite of the fact that recently, Fr. W. A. is buying more from the local market than last year.

HK/North Borneo Trade—Import of timber, firewood, scrap iron, tanning extract, rattan and cow hide totalled 6,000 tons. Export of cement and other construction materials improved but still far less than import tonnage.

HK/Australia Trade—About 2,000 tons of woodoil, vacuum flasks, torch, plastic products, cotton textiles, shirts, children's garments, and other HK manufactures were shipped to Australia. Purchase from here during the fortnight covered mostly HK manufactures.

HK/New Zealand Trade—New Zealand's Trade Commissioner to Singapore came here to confer with local

traders engaged in imports from New Zealand and to help trade groups from N.Z. in promoting the sale of dairy products and frozen meat in HK. From HK, NZ will buy more local manufactures. A NZ firm recently ordered from HK, 315 cases of firecrackers and other fireworks (valued at \$20,000) made in Kwangtung. In the past NZ usually ordered this item from Macau; the switch to Chinese goods was due to the relatively cheaper prices.

HK/Middle East Trade—Shipments to Port Sudan, Al Kuwait, Aden and other ME ports totalled 3,000 tons during the fortnight; cotton textiles, toys, rubber shoes, shirts, cassia, tea and metalware constituted the major portion of the tonnage. Demand for HK manufactures from these markets improved but still irregular and limited by the purchasing power in ME countries. There was no order from Egypt.

HK/India and HK/Pakistan Trade—Shipments to Calcutta, Madras, Bombay and Karachi curtailed on account of the import restrictions imposed by these two countries to cut foreign exchange spending. Import of cotton yarn from Pakistan slowed down because local quotations were below new indents.

China Produce—China shipped here some woodoil and beans but the bulk of supply to the local market came from SE Asia, chiefly from Cambodia and Thailand. Japan, Europe and UK provided better demand for spot goods but interest was centred on a few items only. Woodoil was so popular with Europe, UK, Japan, Thailand, Australia and New Zealand that many buyers had to take forward cargo after the limited quantity of stock here was exhausted. Groundnut oil first eased under heavy supply from Africa, China and Thailand but firmed later under demand from Singapore and Burma; higher African indents also stimulated prices. Bean oil, too, firmed under the influence of the buoyant market for groundnut oil; speculative buying further boosted prices. Rosin retained strong demand from Indonesia, Philippines, UK, Europe and Taiwan; stock low and supply from China difficult forcing prices up. Egg products, feather, bitter almond, raw silk, hog casing and silk waste attracted keen enquiries from Europe but the lack of supply from China restricted transactions. Other popular items were maize, cassia, sesame, groundnut, castor seed, cassia oil, citronella oil, jute, turpentine, garlic, beans, camphor products, gypsum, talcum, realgar, turmeric and talo chips.

Metals—Several consignments of structural steels, galvanized iron pipe and wire, wire shorts, mild steel plate and cuttings arrived from Europe and UK but quantities were not as heavy as during early part this year. Demand from China, Cambodia, Philippines and other buyers remained steady but the turnover was still restricted by

low buying offers. No further dip in price is likely because stock here is much less than at the beginning of this year. Increased cost of US steel will eventually push up prices for European products which are already higher than local quotations. Items which retained steady demand from China included round bars, g.i. pipe, steel wire rope, zinc sheet, m.s. plate, blackplate, tinplate and waste waste.

Paper—Korea sent here more enquiries than orders while demand from SE Asia remained weak. Local demand for a small number of items steady but quantities small. Dealers here booked some straw board, kraft, woodfree and newsprint in reams from China but supply difficult to procure because China's domestic demand far exceeded its supply and Peking is now buying woodfree from Japan and newsprint from Europe. Dealers here are now in a dilemma where exports to Korea and SE Asia could only be improved if there is adequate stock here but replenishments from Europe, Japan and China are too expensive to be attractive to buyers. Furthermore, China's political trade with SE Asia provides a constant threat to the local paper market. In spite of its own supply shortage, China has offered to ship to Singapore 50,000 tons (\$84m to \$5m) of newsprint, typewriting paper, kraft, strawboard, flint and simili paper every year at prices about 5% cheaper than other suppliers.

Pharmaceuticals—Demand from Taiwan, Korea, Thailand and China stimulated popular items of patent medicines and fine chemicals particularly dihydrostreptomycin, isoniazide tablet, sulfadiazine, santonin, saccharine crystal, aspirin, amidopyrin, antipyrin and vitamin powders which were short in stock; improvements however were small because buying offers low. Orders from China were mostly for forwards from Europe while demand from others for spot goods restricted by low stock.

Industrial Chemicals—The market was sluggish with only light local demand for sodium hydrosulphite, sodium nitrate, citric acid, caustic soda and magnesium sulphate. Orders from Korea, Taiwan and Thailand covered only formalin, DNCB, stearic acid, petrolatum. China favoured citric acid, shellac and boric acid but quantities purchased far less than shipments of Chinese chemicals (soda ash, sodium bicarbonate, sodium sulphide, red phosphorous, caustic soda and zinc oxide) to the local market.

Cotton Yarn—Demand from local weaving and knitting mills for HK and imported yarn slowed down while export also weak with only Thailand enquiring for Pakistan products. Prices in general bearish; Pakistan products were comparatively better on marked-up cost but Japanese yarn further depressed by lower indents.

Cotton Piece Goods—The piece goods market too was sluggish. Prices for

most items declined but drops were only fractional. Export to Singapore and Malaya was adversely affected by the increased direct shipments of Chinese products to these markets. Thailand bought more piece goods from Japan this year while demand from UK recently shrank.

Sugar—Taiwan granulated, fine, continued to decline under heavy supply in spite of enquiries from Cambodia and Burma. Brown sugar of Philippine, Indonesian and Taiwan origins steady on low stock. HK granulated too marked down under pressure of Taiwan products.

Wheat Flour—Supply still exceeded demand. Both local and imported brands lost further grounds: US flour lost about 50c/\$1 per bag; Canadian products lower by 30c/50c; HK flour 20c/30c less.

Rice—Retail sales remained normal but increased cost pushed Thai rice higher; gains however were small because stock and supply heavy. Phnompenh and Saigon also marked up new indents while supply from Canton and Haiphong restricted to small quantities. There was no order from Seoul; Taiwan will ship US\$4.5 m worth of rice to South Korea.

Cement—Cambodia, Thailand and North Borneo provided steady demand

for HK and Japanese products. Keen competition between Chinese and Japanese brands forced prices lower; Japanese cement down to \$116 per ton cif HK ex-ship and Canton products to \$114.

Gunny Bags—Steady demand from Cambodia and marked-up Indian incidents pushed price here for new, 2½-lb bags up to \$1.82 each. Used bags were sluggish.

COMMODITY PRICES ON 29/6/57

CHINA PRODUCE

Aniseed Star—Kwangs, export quality, £105 per ton c & f Europe. Kwangtung, \$68 picul. Haiphong, lower quality, \$60.30 picul. **Rice Bran**—Saigon, lower quality, \$26.50 picul. Philippines, medium, \$18 picul. **Wheat Bran**—HK, white, \$28 picul. Rangoon, \$27.50. **Camphor Tablet**—HK, \$3.05 to \$3.25 per lb of 1/2-oz to 1/16-oz tablets. **Cassia**—Scraped, Kwangtung, \$95 picul. Broken, \$85. **Lignea**, \$100. **Coir Fibre**—Szechwan, \$125 per metric ton cif Japan. **Egg Products**—Hen egg yolk powder, 6s 1d per lb c & f Europe. Whole hen egg powder, 5s 4½d lb c & f Europe. Frozen hen egg yolk, \$360 per ton c & f Europe. Frozen whole egg, £210 per ton c & f Europe. Salted liquid hen egg yolk, sodium benzoate treated, £390 per ton cif Europe. All North China products, forward shipment. **Feather**—Duck feather, export quality, NN 85%, \$570 picul ex-godown or 6s per lb c & f Europe. Goose feather, HK processed. GGS 90%, 7s 10d lb c & f Europe. **Gypsum**—Hupeh, white, \$15 picul. Kwangtung, brown, \$157 metric ton. **Hog Bristle**—Tientsin, No. 55 black, 28s 4d; No. 26, 24s 1d. Hankow, No. 17 black, 28s 4d. Chungking, No. 27 black, 18s 10d. Shanghai, No. 17 black, 14s 2d. All c & f Europe for lb. **Menthol Crystal**—HK, \$41 lb. Shanghai, \$41. Taiwan, \$37. **Peppermint Oil**—HK, \$15 lb. Shanghai, \$22. Taiwan, \$15. **Alum**—Chekiang, \$330 per metric ton. **Ramie**—Haiphong, yellow, new, \$39 picul. Kwangtung, yellow, new, \$60 per metric ton c & f Japan. **Raw Silk**—Shanghai, white, steam filament, 20/22 denier, AAAA grade, \$3,470 picul; AAA, \$3,439; AA, \$3,418; A, \$3,394. Canton, white, 20/22, AAAA, \$3,318; AAA, \$3,290; AA, \$3,267; A, \$3,243. **Dried Chili**—Kweichow, new, small, \$115 picul. Shensi, new, \$68 picul. Shantung, new, \$132 per ton c & f Aden. **Rosin**—South China, mixed, A grade, \$101 per quintal; C, \$96; X, \$71/13/0d per metric ton c & f Europe. **Mustard Seed**—Tientsin, \$125 picul. **Spun Silk Yarn**—Shanghai, 210/2, \$2,562, 140/2, \$2,329; 120/2, \$2,260; all prices per 50-kilo case. **Sesame**—E. Africa, yellowish white, \$85 picul. Thailand, black, lower quality, \$63. Cambodia, brown, \$60. **Aniseed Oil**—Kwangs, in drum, \$1310 picul. **Camphor Oil**—Taiwan, in drum, \$138 picul. Kwangs, in drum, \$145.

Cassia Oil—Kwangtung/Kwangs, 80/85% in drum, \$1,350 picul. Haiphong, in drum, \$1,300. **Citronella Oil**—Taiwan, July forward, \$5.10 per lb. **Wood-oil**—Refined in bulk: \$166 per picul, spot; \$2,600 per long ton, July forward, ex-Kowloon Railway Station. Refined in drum: £172 per metric ton c & f Japan, July forward; £178 per long ton c & f Australia. **Turpentine**—South China, in drum, 1st grade, £100 per metric ton c & f Japan, July forward. **Bitter Almond**—Tientsin, red membrane, new, \$325 picul. Indian, \$185. **Bee Wax**—South China, special grade, £500 per metric ton c & f Japan. **Galangal**—Kwangtung, 2nd quality, \$700 per metric ton. **Dried Ginger**—Kwangs, new, \$140 picul. **Maize**—Cambodia, yellow, \$25 picul. **Groundnut Oil**—Africa, 1st quality in drum, \$162 picul spot; \$140 Aug./Sept. forward. China (Tsingtao), \$134. Cambodia, \$150. Indonesia, old, \$136 to \$140. Thailand, new, \$159. HK, new, \$154. **Soyabean Oil**—Japan, \$128 picul. Thailand, \$115. **Black Bean**—Shanghai, \$128 picul. Tientsin, medium, \$36. **Broad Bean**—Szechwan, new, \$44.50 picul. **Green Pea**—Cambodia, 1st, \$66 picul. North China, \$80. Anhwei, \$54.50. Thailand, large, \$75.50. **Red Bean**—South Vietnam, new, \$32.50 picul. Kiangsu, \$74, forward. Tientsin, new, \$87. **Long Bean**—South Vietnam, brown, \$37 picul. Kweichow, \$28. **Soya Bean**—Dairen, forward, \$47.50 picul. Shanghai, \$52.50. Cambodia, new, 2nd quality, \$44.70. **Green Bean**—Chekiang, \$52.50 picul. **String Bean**—North Vietnam, small, \$36 picul. Burma, large, \$41. **Groundnut (shelled)**—Thailand, new, \$72 picul. South Africa, July forward, \$75.60. Philippines, white, \$87. China (Tsingtao), unsorted, forward, \$106; 28/30 per oz, \$126 picul.

METALS

Mild Steel Angle Bars—Europe: 1/8" x 1" x 1", 1/8" x 1½" x 1½", and 3/16" x 1-3/4" x 1-3/4", \$52 picul; 3/8" x 3" x 3", \$53 picul. **M.S. Flat Bars**—Europe: 1/8" x 3/4" to 1½", \$58 picul; 1/4" x 1" to 2", \$55; 3/8" x 2½" to 4", \$56. HK: 1/8" x ½" to 1", \$56; ¼" x ½" to 2", \$55. **M.S. Round Bars**—Europe, 40' length: 1/4" to 3/8" dia, \$50 picul; 5/8" to 1" dia, \$41; 1½" dia, \$46. HK, 20' to 40' length, 1/4" to 1" dia, \$53. **M.S. Square Bars**—Europe, 20' to 22': 5/8" to 1½", \$54 picul. **M.S. Plate Cuttings**—Europe, 5/16" to 5/8", \$46 picul. **Galvanized Steel Sheet**—UK, 4' x 8': 1/16", 60c lb; 3/32", 58c. **Mild Steel Plate**—Japan, 4' x 8': 3/16" and 1/4", \$63 picul; 3/8", \$65; 1/2", \$67; 5/8", \$68. **Steel Wire Rope**—HK, 24 x 6 x 720' 1¼", \$1.70 lb; 1-3/4", \$1.40; 2", \$1.30; 2-3/4", \$1.20. UK, 24 x 6 x 7: 1-1/2", \$1.70; 1-3/4", \$1.50. **Tinplate Waste Waste**—Coked, UK, 18" x 24", \$108 per 200-lb case. Electrolytic: US, 18" x 24", 1 ton skid, \$93 per 200-lb case; UK, \$91. **Misprint, UK, 18" x 24"** and larger, \$44 picul. **Blackplate Waste Waste**—UK, 18" x 24" and

larger, G29/G33, \$41 picul. **Tinplate**—UK, 20" x 28", \$140 per 200-lb case of 112 sheets with tin-lining. **Galvanized Iron Sheet**—Japan, 3' x 7': USSG 26, 58c lb; USSG 32, \$6.20 per pc. **Blackplate**—Japan, 3' x 6': G22, \$70 picul; G24, \$68; G26, \$69; G28, \$70. **Corrugated G.I. Sheet**—HK, 3' x 7', BWG 26, 62c lb. Japan, 3' x 7', BWG 26, 65c; BWG 28, 68c. **Aluminum Sheet**—Japan, 4' x 8', 99.5% alloy, G22, \$2.30 lb; G24, \$2.35. **Brass Sheet**—UK, 4' x 4', 20/25 lb per sheet, \$335 picul. **Copper Sheet**—Germany, 4' x 8', 1/16" to 3/32", \$2.80 lb. **Zinc Sheet**—Europe, 3' x 8', G6, \$135; G9, \$143. **Lead**—Pig lead, 98% alloy, \$100 per picul. **Black Iron Wire**—Europe, G18/G22, \$55 picul. **Steel Wire Rod**—Europe, 2nd grade: 1/4" to 3/8", \$42 picul. **G.I. Wire**—Europe or Japan: G12, \$59 picul; G14, \$62; G16, \$65; G18, \$70; G22, \$84. **G.I. Wire Shorts**—G8 to G14, 1st grade, \$42 picul. **Black Pipe**—Europe, 18' to 22' length: 3/4" dia, 45c per ft; 1", 65c 1¼", 85c. **G.I. Pipe**—Europe, 18' to 22': 1/2" dia, 42c ft; 1", 72c; 1½", \$1.33; 2", \$1.67; 2½", \$2.50 ft. **Wire Nail**—HK: 5/8" x 18 BWG, \$110 picul; 1" x 15 BWG, \$68. Europe: 5/8" x 18 BWG, \$86; 1" x 15 BWG, \$66. **Steel Box Strapping**—Japan, blue annealed, 5/8", G27, 61c lb. Japan, cold rolled, black, 3/4", G20, \$60 picul. **Scrap Iron**—Wrought iron, 1st choice, \$330 per ton and 2nd choice \$190. Iron plate, ship salvage, 3/8", \$41 picul; 1/2" and over, \$42.

PAPER

Aluminum Foil—UK, 4½" x 6-3/4", thin, \$2.40 per lb. UK, 50 gr, 28-lb ream, 20 x 26", thick, golden, \$85 per ream. Europe, 50 gr, 28-lb ream, 20" x 26", thick, silver, \$58 to \$65 per ream. **Newsprint**—In reel, 50/52 gr, 31": US, 48c lb; Canada, 48c; China, 48c; Japan, 47c; Norway, 48c; Austria, 47c; Finland, 48c. In ream, 31" x 43", 50/52 gr, 48/50-lb ream: Europe, \$26.50 ream; Japan, \$24.50; China, \$24 to \$26.50 ream. **Cellophane**—30 gr, 36" x 39", colourless: UK, \$79 ream; Japan, \$75.50; France, \$75. Similar quality but coloured: France or Japan, \$98 to \$100 ream. 40" x 52", Italy, \$108 ream. **Flint**—Coloured: UK, 60/65 gr, 28-lb ream, 20" x 30", \$37 ream; Germany, \$34. China, 31-lb ream, \$35. **Glassine**—Colourless, 30 gr, 26-lb ream, 30" x 40": Europe, \$35.50 ream; Japan, \$33.50. Coloured, similar quality, Europe, \$39 to \$40 ream. **M.G. Pure White Sulphite**—35" x 47", Europe: 40 gr, 47-lb ream, \$33.50 ream; 34 gr, 40-lb ream, \$28.50; 50/90 gr, 60/100-lb ream, 73c lb. **M.G. White Sulphite**—Europe, 40 gr, 47-lb ream, 35" x 47", \$31 ream. **M.G. Ribbed Pitched Kraft**—Europe, 100 gr, 117-lb ream, 35" x 47", \$92 ream; Japan, similar product, \$78. **M.G. Pure Ribbed Kraft**—Europe, 35" x 47": 40 gr, 47-lb ream, \$33 to \$35 ream; 39 gr, 46-lb ream, \$31.50; 60/160 gr, 75/160-lb ream, 74c lb. Japan: 38/39 gr, 45/46-lb ream, \$28 to \$30 ream; 60/100 gr, 58/120-lb ream, 72c

lb. **M.G. Ribbed Kraft**—China, 48-lb ream, 35" x 47", \$34.50 to \$35.50 ream. **Un glazed Pure Kraft**—Europe: 60/140 gr, 75/160-lb ream, 35" x 47", 73c lb; 40 gr, 47-lb ream, \$33.50 ream; 100/140 gr, 115/160-lb ream, 70c lb. Japan, 80/140 gr, 90/160-lb ream, 71c lb. **Un glazed Kraft**—China, 40/48-lb ream, 35" x 47", 63c lb. **Bond**—22" x 34", white, 60 gr, 32-lb ream: Europe with water mark and brand name, \$27.50 to \$30 ream; Japan, with w/m and b/n, \$24; Europe without w/m and b/n, \$25.50; Japan, without w/m and b/n, \$21.50 to \$23. **Woodfree Printing**—31" x 43", prices per pound. Europe: 50 gr, 43/48-lb ream, 80c; 62/83 gr, 65/80-lb ream, 79c; 90/100 gr, 90/100-lb ream, 78c. Japan: 60/100 gr, 57/100-lb ream, 69c; 50 gr, 48-lb ream, 72c. China, 60/90-lb ream, 68c. **Manifold**—White, 22" x 34", 30 gr, 16-lb ream: Europe, \$15.80 to \$18.50 ream; China, \$12.10. Coloured, similar quality: Europe, \$19.30 ream; China, \$14. **Poster**—Europe, 31" x 43", 60/70 gr, 57/68-lb ream, 79c lb. Japan, similar quality, 76½c. China, 17.2 kilo, 36-lb ream, \$20.20 ream. **Duplex Board**—Europe, one side coated, 31" x 43": 230 gr, 220-lb ream, \$130 to \$140 per ream; 250 gr, 240-lb ream, \$155; 300/420 gr, 280/380-lb ream, 67c lb. **Chip Board**—Norway, one side coated: 290 gr, 280-lb ream, 31" x 43", 56c lb; 250 gr, 240-lb ream, \$128 ream; 230 gr, 220-lb ream, \$117.50 ream. **Straw Board**—Europe, 26" x 31": 8 to 16 oz, \$520 per ton; 20/40 oz, \$610. Japan: 8/16 oz, \$540; 12/14 oz, \$545; 20/32 oz, \$625. China: 8/14 oz, \$520; 20/32 oz, \$585; 8/16 oz, \$490. Taiwan: 8/16 oz, \$495.

INDUSTRIAL CHEMICALS

Acetic Acid (78/80%)—Germany, 25-kilo carboy, 75c lb. **Citric Acid** (crystal)—UK, \$2.15 lb. **Sulphuric Acid**—HK, 750-lb drum, 24c lb. **Bicarbonate of Soda** (refined)—China, \$22 per 50-lb bag. UK, \$47 per 100-kilo bag. **Calcium Carbonate** (heavy)—Japan, 33-kilo bag, \$120 per ton. **Calcium Hypochlorite**—Japan, 60%, 50-kilo drum, 59c lb. **Caustic Soda**—China, 200-kilo drum, \$114 drum. UK, \$223 per 340-kilo drum. Japan, \$185 per 300-kilo drum. **Formalin**—UK, 40% volume, 448-lb drum, 37½c lb. **Glycerine**—Europe, specific gravity 1.260, 250-kilo drum, \$1.67 lb. **Gum Arabic**—Sudan, 100-kilo bag, \$1.15 lb. **Gum Copal**—Malaya, No. 1, 140-catty gunny bag, \$220 picul. **Gum Damar**—Malaya, No. 1, 140-catty bag, \$305 picul. **Linseed Oil**—UK, 400-lb drum, \$140 picul. India, \$135. **Lithopone** (30%)—Europe, 50-kilo paper bag, 38¼c lb. **Mercury**—Europe, 76-lb flask, \$3.150 picul. **Petrolatum**—Europe, amber: 400-lb drum, 35c lb; 180-kilo drum, 29c. US: amber, 377-lb drum, 42c lb; white, 400-lb drum, 76c. **Red Phosphorus**—Canada, 11-lb tin, \$320 per case of 10 tins. **Lemon Shellac**—India, No. 1, 164-lb case, \$245 per picul. **Sodium Bichromate**—Australia, 560-lb drum, 86c lb. Africa, 400-lb

drum, 78c. UK, 5-cwt drum, 78c. **Sodium Cyanide**—UK, 50-kilo drum, \$1.15 lb. **Sodium Hydrosulphite**—UK, 50-kilo drum, \$158 to \$175 picul. **Sodium Nitrate**—Europe, 50-kilo bag, \$28 picul. **Rubber Accelerator**—Europe: D, \$3.11 per lb; M, \$2.36. **Sodium Sulphide**—China, 160-kilo drum, \$600 per ton. **Sulphur Powder**—Europe or US, 50-kilo paper bag, \$32 picul. **Tanning Extract**—Mimosas extract, 52c lb. **Quebracho**, 77c. **Zinc Oxide** (99%)—China, 50-kilo gunny bag, 71c lb. Europe, 80c. South Africa, 83c.

PHARMACEUTICALS

Penicillin Ointment—UK, 2,000 units per oz, \$6.05 per doz 1-oz tubes. **Penicillin Oral Tablets**—UK, 1960, \$1.06 per carton of 12 50,000-unit tablets. **Penicillin Procaine G in oil** (with Aluminium)—UK, 1960, \$1.35 per vial of 10 cc, 300,000 units per cc; US, \$2.85; Europe, \$1.18 to \$1.60. **Dihydrostreptomycin**—UK, 1961, 80½c per vial of 1 gram. France, 1961, 70c. Italy, 68c. US, 1960, 67c. Japan, 1961, 66c. **Sulfadiazine Powder**—Australia, \$25 lb. France, \$25.50. UK, \$25. **Sulfathiazole Powder**—Europe and UK, \$10.80 lb. **Sulfanilamide Powder**—UK, \$4.20 lb. Germany, \$4.05. **Isoniazide Tablets**—UK, \$4.40 per bottle of 100 100-mg tablets. Switzerland, \$2.49 per bottle of 100 50-mg tablets. **PAS Powder**—Europe, \$5.10 per tin of 250 grams. **Aspirin Powder**—UK, 1-cwt case, \$3.40 per lb; 5-lb bag, \$3.45 lb. Germany, 50-kilo drum, \$3.30 lb. **Amodipyrim**—Europe, \$25 lb. **Antipyrin**—Europe, 50-kilo drum, \$9.50 lb; 14-lb pkg, \$10 lb. **Caffeine Alkaloid**—Europe: powder form, \$12.80 lb; crystal, \$12.50. **Phenacetin**—Europe, \$5.20 lb. UK, \$5.35 lb. **Salicylic Acid**—UK, 1-cwt drum, \$2.70 lb.

COTTON YARN

Hongkong Brands—(per bale), 10 Counts, \$880 to \$960; 12's, \$880 to \$1,000; 20's, \$1,000 to \$1,140; 30's, \$1,360 to \$1,440; 32's, \$1,380 to \$1,730; 40's, \$1,490 to \$1,830; 42's, \$1,600 to \$1,660. **Japanese Brands**—32's, \$1,370 to \$1,390; 40's, \$1,470 to \$1,500; 42's, \$1,570 to \$1,590. **Pakistan Brands**—10's, \$795 to \$870; 20's, \$890 to \$960; 32's, \$1,150 to \$1,270.

COTTON PIECE GOODS

Grey Sheeting—China: 63 x 64, 36" x 40 yds, \$35.20 pc; 72 x 69, 38" x 40½ yds, \$32.40; 60 x 60, 36" x 40 yds, \$34; 60 x 56, 36" x 40 yds, \$33.60. HK: 60 x 56, 36" x 40 yds, forward, \$34.50 pc. India: 44 x 48, 35" x 40 yds, \$26 pc; 40 x 36, 35" x 40 yds, \$23; 44 x 40, 36" x 40 yds, \$24. Japan: 72 x 69, 38" x 40½ yds, \$32.50. **Grey Jean**—China, Golden City, \$29.50 pc. HK, 84 x 48, 30" x 40 yds, \$29.50 pc. **Dyed Drill**—HK, mercerized, 118 x 56, 36" x 40 yds, \$1.70 to \$2.50 per yard. **White Cloth**—Japan, No. 16000, \$47 pc; No. 10000, \$46. HK, 36" x 42 yds, \$41. **Shirting**—Japan, 36", \$1.26 to \$1.56 per yd.

RICE

White Rice, 100%—Thailand, old 1st grade, \$59.60 picul; new, 1st, \$56.30. **White Rice**—Thailand: special 3%, new, \$54.30; A 5%, new, 1st, \$52.80; B 10%, new, 1st, \$51; C 15%, new, 1st, \$48.30; E 25%, new, \$44.30. Cambodia: 1st, \$46.20; 2nd, \$44.30. North Vietnam, \$41.40. Canton: 1st, \$47.80; 2nd, \$46.50. Burma, old, small quantity packing, \$34.80. **Chai Mei**—Canton, new, 1st, \$57.30. **Broken Rice**—Thailand: B1 special, old, \$41.80; C1 special, old, \$31.80; C1 ordinary, No. 1, \$31.30.

WHEAT FLOUR

Australian Brands: \$38.50 per 150-lb gunny bag; \$13.50 per 50-lb bag. **US Brands**: \$29 per 100-lb bag; \$14.10 to \$17.50 per 50-lb bag. **Canadian Brands**: \$36 to \$37 per 100-lb bag; \$16.50 to \$18.20 per 50-lb bag. **Japanese Brands**: \$11.50 to \$14.20 per 50-lb bag. **HK Brands**: \$12.20 to \$17.50 per 50-lb bag and \$34.80 per 150-lb bag.

SUGAR

Granulated Sugar—Taiwan, No. 24, \$60 per picul; Taiwan No. 18, \$55; Taikoo, fine, \$64.30; Taikoo, ordinary, \$64; Philippines, brown, \$55.50; Japan, fine, \$64.50. **Slab Sugar**—HK, 1st, \$53.

Candy Sugar—HK, 2nd quality, \$70.
Malt Sugar—Thailand, \$35.50; China, \$40. **Green Sugar**—Taiwan, 1st, \$36.

CEMENT

Green Island Products—Emeralcrete: \$8 per 112-lb bag. Emerald: \$7.20 per 112-lb bag; \$6.30 per 100-lb bag. Snowcrete: \$74 per 375-lb drum; \$16.50 per 1-cwt bag. **Japanese Products**—Ordinary cement: \$5.80 per 100-lb bag; \$6.40 per 1-cwt bag. White cement, \$15 per 1-cwt bag. **Chinese Products**—45-kilo bags, \$118 per metric ton cif HK, forward, ex-ship.

HONGKONG COMPANY
INCORPORATIONS

Following new limited liability companies were incorporated during the

week ended June 1, 1957 (all capital is nominal and in HK\$):

Dhin Foong Trading Co.—Exporters and importers; Capital, 370,000; 25 Bonham Strand West, Hongkong; Subscribers: Lam Yue Fat, 8 Connaught Road West, Hongkong, merchant; Liu Shing Tong, 489 Queen's Road West, Hongkong, merchant. **German-French Traders**—Importers and exporters; Capital, 100,000; 228 Wang Hing Building, Hongkong; Subscribers: J. C. Stewart, 13 Douglas Apartments, Hongkong, solicitor; G. E. S. Stevenson, 10 Queen's Road Central, Hongkong, solicitor. **Independent Overseas Investors**—To invest in securities; Capital, 100,000; 25A David House, Hongkong; Subscribers: Jeanne Yen, 115 The Peak, Hongkong, director; Joseph Yen, 115 The Peak, Hongkong, director. **Tai Shing Textile Co.**—Capital, 600,000; 131, Wing Lok Street, Hong-

kong; Subscribers: Heung Yu Po, 19 Tat Chee Avenue, Kowloon, merchant; Dick Kau Heung, 26 Austin Avenue, Kowloon, merchant. **Chongs of Hongkong**—Booksellers and stationers; Capital, 1 million; Subscribers: Chang Chi Hsi, 29 Kimberley Road, Kowloon, merchant; Taam Kwan Yuen, 26 Kai Tak New Village, "Fun Yuen," Kowloon, merchant. **Ocean Tramping Co.**—Capital, 2 million; 25A-26 Printing House, Hongkong; Subscribers: Lam Kai, 218 Wanchai Road, Hongkong, merchant; Pai Gam Cheun, 1 Wongnei-chong Road, Hongkong, merchant. **Chinese Wine Trading Co.**—Capital, 300,000; 154 Wing Lok Street, Hongkong; Subscribers: Chiu Yiu Wah, 87 Hennessy Road, Hongkong, merchant; Chiu Yiu Nam, 87 Hennessy Road, Hongkong, merchant; Au Yeung Yik Fung, 10 Queen Victoria Street, Hongkong, merchant; Ho Man Cheung, 15 Ki Lung Street, Kowloon, merchant.

NEW AUTONOMOUS REGIONS IN CHINA

(Continued from Page 80)

and had to take refuge in the remote and rugged mountains of western Kwangsi.

Nobody, and the provincial officials least of all, appreciated the division. It made their job of socialising the Chuang more difficult than ever and it certainly did not reduce the difficulties of the Party kanpu on his mission of transformation. Indeed the "lack of full understanding led some people to have anxieties," as a Party official put it in a Nanning despatch. Reforms were presumably stirring up the Chuangs, and none know better than the Communist hierarchy the troubles that can come from mountainous borderlands—since their own refuge and strength were derived from such traditional breeding grounds for rebels. Some of the kanpu had been a bit too zealous and a bit too rough in their commandism. The higher authorities sent a dozen notables to the province to foster the movement for the creation of an autonomous region, including a number of deputies to the National People's Congress, one of whom was a Manchu. Two of them were Kwangsi provincials prominent in Peking, where many Kwangsi men have high if honorific positions in the People's Government. The two Kwangsi men from Peking, one of whom belonged to the Chuang people, insisted that propaganda among the lower strata must be carried out in a different way. Generalised methods universally employed over large areas would not suit the peculiar nature, location and history of the Chuangs. The deputies went all over the province during a month's busy visit, and consulted the people on the vital issues which had been under debate in the National Committee of the C.P.P.C.C., which recommended, after a vehement debate in which Premier Chou En-lai (Chairman) took a decisive part, that the autonomous chou

should be transformed into a Chuang autonomous region to embrace the whole province.

Not much progress has yet been made in the task of eliminating illiteracy among the Chuang people, but the Chuang written language is being used for the first time in the movement. Things have moved slowly, because the West Kwangsi Chuang Nationality Autonomous Chou—now being converted into an Autonomous Region embodying the entire province of Kwangsi—is mountainous country in which the Chuang have been imprisoned or have immured themselves ever since they were driven from the south-eastern coast into these remote mountain fastnesses by the victorious Han Chinese two thousand years ago. Some 23,000 persons were enrolled in the literacy classes in the early part of the summer, and it was expected that by June more than 400,000 persons would join the literacy classes in the 42 counties of the entire chou. By the end of the year, according to the plans of the Chinese authorities in Nanning, those participating were expected to reach three-quarters of a million.

Their spoken tongue has been put into phonetic script so it is read and written in the same way as it is spoken. With the adoption of a teaching method which combines teaching, writing, and putting the language into every-day use, the Chuang peasants are expected to master it easily. It is estimated that an illiterate will master the alphabet in a month and will then be able to write a short letter, to keep time records, and even to put down in writing their folk songs. Nearly 200,000 copies of the Chuang "Peasants' Literacy Primer" have been printed and are being rushed to the rural areas. But if, as it appears, the Chuang people are being compelled to learn romanised Chinese, they will still have to be addressed in like fashion and still be isolated from the general body of the nation by their complete ignorance of the Chinese ideographs.